Telecom Service One

Telecom Service One Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3997

2022/23

ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Directors

CHEUNG King Shek *(chairman)*
CHEUNG King Shan
CHEUNG King Chuen Bobby, *MH*

Executive Director

CHEUNG King Fung Sunny *(chief executive officer)*

Independent Non-executive Directors

FONG Ping, *BBS, JP*
KWOK Yuen Man Marisa
TSO Ka Yi

COMPANY SECRETARY

LEE Wing Sze Connie
(appointed with effect from 29 November 2022)
YEUNG Wing Chong
(resigned with effect from 29 November 2022)

BOARD COMMITTEES

Audit Committee

TSO Ka Yi *(chairman)*
FONG Ping, *BBS, JP*
KWOK Yuen Man Marisa

Remuneration Committee

FONG Ping, *BBS, JP (chairman)*
KWOK Yuen Man Marisa
TSO Ka Yi

Nomination Committee

KWOK Yuen Man Marisa *(chairman)*
FONG Ping, *BBS, JP*
TSO Ka Yi

AUTHORISED REPRESENTATIVES

CHEUNG King Fung Sunny
LEE Wing Sze Connie
(appointed with effect from 29 November 2022)
YEUNG Wing Chong
(resigned with effect from 29 November 2022)

COMPANY'S WEBSITE

www.tso.cc

AUDITOR

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditor
17/F., Chubb Tower,
Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

LEGAL ADVISER

CFN Lawyers (in association with Broad & Bright)
27/F., Neich Tower,
128 Gloucester Road,
Wanchai, Hong Kong

REGISTERED OFFICE

Third Floor, Century Yard,
Cricket Square, P.O. Box 902,
Grand Cayman, KY1-1103,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit C, 3/F,
Sunshine Kowloon Bay Cargo Centre,
59 Tai Yip Street,
Kowloon Bay, Kowloon,
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Tower,
1 Garden Road,
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building,
1 Queen's Road Central,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Third Floor, Century Yard,
Cricket Square, P.O. Box 902,
Grand Cayman, KY1-1103,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F.,
Two Chinachem Exchange Square,
338 King's Road,
North Point,
Hong Kong

PRINCIPAL PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

3997

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present the audited annual results of Telecom Service One Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2023.

RESULTS

For the last financial year, the Group recorded revenue of approximately HK$51,381,000 (2022: HK$34,757,000), representing a year-on-year increase of approximately 47.8% as compared to the year ended 31 March 2022. The increase in revenue was mainly contributed from two new service contracts gained in October 2021 and January 2022. The Group recorded loss of approximately HK$7,115,000 for the year (2022: HK$1,007,000). The loss increase was mainly due to the thinner gross margin and the impairment losses on property, plant and equipment and investment properties.

BUSINESS REVIEW

The Group is a well established repair service provider in Hong Kong and is principally engaged in providing repair and refurbishment services for mobile phones and other consumer electronic devices as well as sales of related accessories for corporate customers, telecommunications services providers and global services companies.

Last year, the market environment in Hong Kong was difficult due to the fifth wave COVID-19 pandemic and interest rate hikes. In such difficult time, the Group demonstrated its resilience and by leveraging on its persistent high quality service and strong relationship with customers, the Group was able to secure new service contracts for additional operation support and repair and refurbishment services and recorded a rebound in revenue for the year.

PROSPECTS

Looking forward, although the upcoming financial year remains challenging, it is expected that Hong Kong's economy will gradually recover and the overall market sentiment will improve. The resumption of normal inbound travel restrictions, a series of large-scale international events hosted in Hong Kong and the digital transformation on lifestyle will benefit the consumption sentiment of electronic and mobile devices. The Group is optimistic about the future economy prospects.

The Group is committed to strengthen its core business foundation by persistently improving its service quality and integrating multiple resources to achieve efficiency improvement. The Group will also proactively explore new business opportunities to improve the Group's business model and diversify the Group's business, in order to broaden the Group's sources of income and optimize the Shareholder's return.

APPRECIATION

At this time, I would like to thank my fellow directors, management team and all the entire Telecom Service One workforce for their commitment and diligence to the Group throughout the year. I also wish to extend my gratitude to our customers, business partners, suppliers and shareholders for their unwavering support to the Group.

Cheung King Shek
Chairman and Non-Executive Director

Hong Kong, 27 June 2023

CHIEF EXECUTIVE OFFICER'S REVIEW

OPERATION OVERVIEW

The macro-economic situation remains sluggish and unpredictable, with heightened concerns on high inflation and interest rates, uncertain geopolitical risk and the weak global consumer demand, marked the downward pressure on the economy.

Although the short term prospect of the economy remains uncertain, the Group remains convinced that the economic will pick up the rebound momentum and resume stable growth in long run. COVID-19 has brought about a permanent shift to a digitalised lifestyle and the Group is optimistic that such digital transformation will increase the penetration and use of electronic and mobile devices in daily and household life, thereby stimulating the demand for repair and refurbishment services. Given that the COVID-19 pandemic has gradually been brought under control and the general travel customs clearance has resumed normal, Hong Kong's overall economy has shown signs of recovery in 2023.

The Group has actively face the challenge and took advantage of this opportunities to seize business growth. As at the date of this report, the Group is operating two front-line service centres and two back-end repair centres. One of the back-end repair centres was newly opened to undertake a new service contract awarded by a previous corporate customer of the Group for the provision of repair service for televisions and cameras. The Group is committed to optimize the business operation, production workflow and cost management to enhance the overall productivity and operational efficiency with a view to achieve a high-quality development for the Group.

FUTURE PROSPECTS

Looking forward, despite the global economy remains fragile, the Group will actively respond to the macroeconomic situation and industry changes, and devote great efforts to meet new challenges. The Group will keep focusing on its core business by persistently enhancing quality and efficiency to solidify its foundation. At the same time, it will proactively develop new value-add services, create new business opportunities and diversify its business. The Group will strive to move forward a long-term sustainable business model and bring stable and growing returns to shareholders.

APPRECIATION

As the Chief Executive Officer of the Group, I would like to express my heartfelt appreciation to the management team and all members of the Telecom Service One team for their continued commitment and remarkable contribution to the Group during the past year. My gratitude and thank also extend to our valued customers, business partners, suppliers and shareholders for their deep trust and persistent support.

CHEUNG King Fung Sunny
Chief Executive Officer and Executive Director

Hong Kong, 27 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Due to weak demand and ongoing macroeconomic challenges, the global smartphone market experienced a slow market recovery. Nevertheless, 5G continues to grow and will account for 62% of global smartphones shipments in 2023, and it is expected that the global market will return to growth after short-term challenges as there are significant pent up refresh cycles in developed markets as well as room for smartphone penetration in emerging markets to fuel stable long-term growth. In the long run, it is forecasted that global smartphone shipments will grow at a five-year CAGR of 2.6%, according to IDC forecasts.

The market of repair and refurbishment services for mobile phones and other personal electronic products in Hong Kong is intensely competitive. Leverage on the Group's extensive industry experience, solid relationship with long-term customers and support from professional technical team, we believe that the Group can continue to deliver superior and high-quality services to customers and sustain its market leading position.

BUSINESS REVIEW

The Group has been providing repair and refurbishment services for mobile phones and consumer electronic devices in Hong Kong in the past decade, serving including corporate customers, telecommunication services providers and global services companies.

The Group strived to provide value-added services to attract more customers and expand market share. In October 2021 and January 2022, the Group gained from two existing customers to provide extra operation support and repair and refurbishment services for mobile phones. It boosted the Group's revenue to approximately HK$51,381,000 (2022: HK$34,757,000), representing a year-on-year increase of approximately 47.8% as compared to the year ended 31 March 2022. However, due to the thinner gross margin and the increase in impairment losses on property, plant and equipment and investment properties, the Group recorded loss of approximately HK$7,115,000 for the year. In response to the difficult business environment, the Group has been closely monitoring the impact of the market condition on the Group's business development.

FINANCIAL REVIEW

Revenue

The Group's revenue comprises repairing service income and income from sales of accessories and provision of supportive services. The two new service contracts led to the increase in repairing service income for the year ended 31 March 2023 at approximately HK$51,207,000 (2022: HK$34,503,000), representing a year-on-year increase of approximately 48.4%. Revenue from sales of accessories and provision of supportive services for the year ended 31 March 2023 decreased approximately 31.5% to approximately HK$174,000 as compared with approximately HK$254,000 in the previous year.

Cost of Sales

The Group's cost of sales comprises mainly direct labour cost and parts cost. For the year ended 31 March 2023, cost of sales increased by approximately 87.6% over the previous year to approximately HK$39,996,000 from approximately HK$21,322,000. The increase in cost of sales was attributable to the increase in both parts cost and labour cost.

The Group's cost of inventories sold was approximately HK$20,046,000 (2022: HK$6,634,000), representing an increase of approximately 202.2% over the previous year. The increase in parts cost was in line with the increase in revenue.

Direct labour cost for the year ended 31 March 2023 was approximately HK$19,950,000 (2022: HK$14,688,000), representing an increase of approximately 35.8%. The increase was mainly due to the increase in manpower for the expansion of warehouse facilities and opening of new repair centre for two new service contracts.

Other Income and Gains

Other income and gains for the year was approximately HK$3,973,000 (2022: HK$3,511,000). Other income mainly comprised of management fee income, rental income, storage income, bank interest income together with gain on disposal, dividend and interest income from investment in financial assets. Apart from the above, the Group also recognised a Government grants from Employment Support Scheme of HK$1,674,000 during the year (2022: HK$51,000 in respect of COVID-19-related subsidies). Details of the other income and gains are set out in Note 9 to the consolidated financial statements.

Net Operating Expenses and Administrative Expenses

Other operating expenses, net for the year ended 31 March 2023 were approximately HK$4,185,000 (2022: HK$2,158,000), representing an increase of approximately 93.9% over the previous year. The increase was mainly caused by the increase in direct cost, such as rental, building management fee, Government rent and rate depreciation of property, plant and equipment and utilities incurred for the expansion of warehouse facilities and opening of new repair centre.

Administrative expenses for the year ended 31 March 2023 was approximately HK$13,569,000 (2022: HK$13,168,000), representing a slight increase of approximately 3.0%. Administrative expenses comprises mainly depreciation, salaries, office rental and other office expenses.

Income Tax

Income tax credit for the year ended 31 March 2023 was approximately HK$243,000 (2022: income tax expense HK$541,000).

Loss for the Year

Loss for the year ended 31 March 2023 was approximately HK$7,115,000 (2022: HK$1,007,000). The loss increase was mainly attributable to the combined effect of the following factors, (i) decrease in gross profit to approximately HK$11,385,000 (2022: HK$13,435,000); (ii) increase in impairment loss on property, plant and equipment and investment properties in the total amount of approximately HK$4,497,000 (2022: nil); (iii) decrease in loss on changes in fair value of financial assets at fair value through profit or loss to approximately HK$432,000 (2022: HK$2,019,000); and (iv) increase in rental and related expenses for the expansion of warehouse facilities and opening of new repair centre.

INVESTMENTS IN FINANCIAL ASSETS

As at 31 March 2023, the Group's financial assets at fair value through profit or loss amounted to approximately HK$13,984,000 (2022: HK$15,972,000), representing approximately 15.7% of the total assets of the Group as at 31 March 2023.

Securities Investment

The underlying shares price of a unlisted equity linked fixed coupon note ("FCN") closed below the strike price on 31 August 2022, the Group was obligated to take delivery of 21,328 shares of the underlying HKEX shares at the strike price according to the terms of the FCN. As at 31 March 2023, the Group's securities investment at fair value through profit or loss amounted to approximately HK$13,984,000 (2022: HK$8,548,000). Details of the listed equity securities were as follows:

Stock name (stock code) *(Note 1)*	Number of shares held	Approximate percentage held to the total issued share capital in the investment company	Investment cost/ Cost of acquisition HK$'000	Dividend income for the year ended 31 March 2023 HK$'000	Fair value loss for the year ended 31 March 2023 HK$'000	Fair value as at 31 March 2023 HK$'000	Approximate percentage of total assets of the Group as at 31 March 2023
HKEX (388) *(Note 2)*	40,160	0.0032%	16,111	301	432	13,984	15.7%

FCN Investment

As at 31 March 2023, the Group does not have any outstanding FCN investment (2022: HK$7,424,000).

Note 1:

Stock short name	**Stock code**	**Company name**
HKEX	00388 HK	Hong Kong Exchanges and Clearing Limited

Note 2:

The Group's significant investments (i.e. investment with carrying amount exceeding 5% of the total assets of the Group) held as at 31 March 2023 are as follows:

Information of HKEX:

HKEX is a company incorporated in Hong Kong with limited liability and its shares are listed on the main board of the Stock Exchange (stock code: 00388 HK). HKEX is a recognised exchange controller under the Securities and Futures Ordinance. HKEX operates the only recognised stock and futures markets in Hong Kong through its wholly-owned subsidiaries and is the frontline regulator of listed issuers in Hong Kong. In collaboration with the Shanghai and Shenzhen stock exchanges, HKEX operates Stock Connect, which gives investors in the Hong Kong and Mainland securities markets access to each other's markets. HKEX also operates recognised clearing houses in Hong Kong and provides integrated clearing and settlement services as well as depository and nominee services to their participants. HKEX also provides market data through its data dissemination entity. For the year ended 31 December 2022, the audited consolidated profit attributable to shareholders of HKEX was approximately HK$10,078 million.

The Group's Investment Strategy for These Investments

The Company's investment objective is to generate stable additional interest or dividend income. Our strategy of these investment is to make investments in the prospects of primarily reputable sizeable issuers on recognisable stock exchange for creating values for Shareholders, with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers.

The Group takes into account the following criteria for investment decision: (i) potential return on investment in terms of capital appreciation and dividend payment; (ii) risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group had current assets of approximately HK$35,546,000 (2022: HK$33,178,000) and current liabilities of approximately HK$8,586,000 (2022: HK$7,875,000).

At present, the Group generally finances its operations with internally generated cash flows. Net cash generated from operating activities for the year was approximately HK$410,000. Net cash from investing activities was approximately HK$1,008,000.

The Group maintained a healthy liquidity position as at 31 March 2023. The Group had cash and cash equivalents of approximately HK$4,593,000 as at 31 March 2023 (2022: HK$4,487,000). As at 31 March 2023, the Group had no outstanding bank borrowings.

CONTINGENT LIABILITIES

As at 31 March 2023, the Group has no material contingent liabilities (2022: nil).

FOREIGN CURRENCY RISK

The Group's business are in Hong Kong and are denominated in Hong Kong dollars and United States dollars. The Group currently does not has a foreign currency hedging policy. However, the Directors continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

As at 31 March 2023, the Group did not has any significant capital commitments (2022: nil).

DIVIDEND

	Year ended 31 March			
	2023		2022	
	HK$ per share	**HK$'000 (audited)**	HK$ per share	HK$'000 (audited)
Dividends recognised as distribution during the year:				
2020/21 fourth interim dividend	–	–	0.02	2,567
2021/22 first interim dividend	–	–	0.02	2,567
2021/22 second interim dividend	–	–	0.02	2,567
		–		7,701

At a meeting held on 27 June 2023, the Board has resolved not to declare interim dividend for the year ended 31 March 2023 (2022: nil).

CAPITAL STRUCTURE

There was no change in the capital structure during the year ended 31 March 2023.

The capital structure of the Group consists of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves. The management reviews the capital structure regularly. As part of the review, they consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt or the redemption of existing debt.

MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS

The Group did not make any material acquisition or disposal of subsidiaries or associated companies during the year ended 31 March 2023. For the year ended 31 March 2022, the Group acquired properties for commercial use amounted to HK$56,739,000.

Save as disclosed in the paragraph headed "Investment in Financial Assets" above and the investment properties held, the Group did not has any significant investment held as at 31 March 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group employed 91 (2022: 75) full-time employees including management, administration, operation and technical staff. The employees' remuneration, promotion and salary increments are assessed based on both individual's and the Group's performance, professional and working experience and by reference to prevailing market practice and standards. The Group regards quality staff as one of the key factors to corporate success.

OUTLOOK

Going forward, the Group will continue to focus on growing its core business by improving service quality and optimizing operating costs in order to maintain its market position and competitive advantage. The Group will also actively utilise its available resources to explore other business or investment opportunities and look for possible sources of income in order to diversify business and to maximise return to the Group and the Shareholders.

It is expected that Hong Kong's economy will recover gradually from the COVID-19 pandemic situation, and the Group is optimistic about the future prospect of the economy. The Group will continue to keep itself in a better position to face any challenging market condition and lay a solid foundation for future growth opportunities.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. CHEUNG King Shek, aged 71, was appointed as a Director in August 2012, appointed as chairman of the Company and re-designated as non-executive Director in April 2013, and is responsible for advising on overall strategic planning and management of the Group. Mr. CHEUNG King Shek has been a director of Telecom Service One Limited ("TSO", a wholly-owned subsidiary of the Company) since April 1987. He was appointed as a director of Telecom Digital Holdings Limited ("TDHL", stock code: 6033, a company listed on Main Board of the Stock Exchange) in November 2002, and was appointed as its chairman and re-designated as its executive director in March 2014. He joined TDHL group in 1981 and is responsible for the overall strategic planning and corporate policies. Mr. CHEUNG King Shek brings to TDHL group more than 40 years of experience in the telecommunications industry and has achieved a solid track record of achievements. Under his leadership and stewardship, TDHL group has grown to be a versatile service provider in the telecommunications industry. Mr. CHEUNG King Shek graduated with a bachelor's degree in commerce from the University of New South Wales in April 1976 and a master degree in business administration from the University of Melbourne in Australia in August 1981. Mr. CHEUNG King Shek is the chairman of Hong Kong Radio Paging Association Limited, and an honorary citizen of Swatow City. He is the elder brother of Mr. CHEUNG King Shan (non-executive Director), Mr. CHEUNG King Chuen Bobby (non-executive Director) and Mr. CHEUNG King Fung Sunny (chief executive officer and executive Director).

Mr. CHEUNG King Shan, aged 64, was appointed as a Director in August 2012 and re-designated as non-executive Director in April 2013 and is advising on marketing and sales strategies. Mr. CHEUNG King Shan has been a director of TSO since June 1999. He was appointed as a director of TDHL in November 2002, re-designated as its non-executive director in March 2014 and re-designated as its executive director on 8 September 2015, and is responsible for advising on sales and marketing and apps writing in relation to TDHL's information broadcasting services. Mr. CHEUNG King Shan joined TDHL group in 1985 and was responsible for the overall planning and formulation of the marketing and sales strategies in line with its sales and corporate targets, sales and marketing and special ad hoc projects. Mr. CHEUNG King Shan graduated from the Carleton University in Ottawa, Canada with a bachelor's degree in art in November 1983. He is the younger brother of Mr. CHEUNG King Shek (chairman and non-executive Director), and the elder brother of Mr. CHEUNG King Chuen Bobby (non-executive Director) and Mr. CHEUNG King Fung Sunny (chief executive officer and executive Director).

Mr. CHEUNG King Chuen Bobby, *MH*, aged 64, was appointed as a Director in August 2012 and re-designated as non-executive Director in April 2013 and is advising on administrative operation. Mr. CHEUNG King Chuen Bobby has been a director of TSO since April 1987. He was appointed as a director of TDHL in November 2002, re-designated as its non-executive director in March 2014 and re-designated as its executive director on 8 September 2015, and is responsible for advising on administration, human resources and special and ad hoc projects. He joined TDHL group in 1985 and was responsible for the formulation and implementation of its administrative policies as well as overseeing its administrative operation in human resources, legal and administration, property management and PRC projects. Mr. CHEUNG King Chuen Bobby obtained a bachelor degree in art in urban planning studies and a postgraduate diploma in urban planning implementation from the University of Westminster in London in 1983 and 1984 respectively. He is a standing committee member of Chinese People's Political Consultative of Swatow City, an honorary citizen of Swatow City and the principal president of Hongkong & Kowloon Chiu Chow Public Association. Mr. CHEUNG King Chuen Bobby is the younger brother of Mr. CHEUNG King Shek (chairman and non-executive Director) and Mr. CHEUNG King Shan (non-executive Director), and the elder brother of Mr. CHEUNG King Fung Sunny (chief executive officer and executive Director).

EXECUTIVE DIRECTOR

Mr. CHEUNG King Fung Sunny, aged 55, was appointed as a Director in August 2012, re-designated as executive Director in April 2013 and appointed as the chief executive officer of the Company in August 2014, and is primarily responsible for managing the Group's relationship with the customers and exploring new business opportunities for the Group. Mr. CHEUNG King Fung Sunny has been a director of TSO since June 1999. He was appointed as a director of TDHL in November 2002, re-designated as its executive director in March 2014 and appointed as its chief executive officer on 8 September 2015. He joined TDHL group in 1990 and is primarily responsible for overseeing the financial management, sales and marketing and special ad hoc projects, and played a major role in the growth of the sales volume and customer base of TDHL group. Mr. CHEUNG King Fung Sunny graduated from the University of Western Ontario in Canada with a bachelor's degree in administrative and commercial studies in October 1990. Mr. CHEUNG King Fung Sunny is the younger brother of Mr. CHEUNG King Shek (chairman and non-executive Director), Mr. CHEUNG King Shan (non-executive Director) and Mr. CHEUNG King Chuen Bobby (non-executive Director).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FONG Ping, ***BBS, JP***, aged 73, was appointed as an independent non-executive Director on 30 April 2013. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. Mr. FONG is currently a chairman of the board of directors of Canaan International Trading Limited and Hong Kong Isabelle Company Limited, which are engaged in the manufacturing and trading business. He has over 35 years of experience in garment and fashion industries. Mr. FONG has been appointed as a member of the standing committee on Young Offenders, a sub-committee of the Fight Crime Committee since 1 August 2020. He was also a member of Appeal Board established under the Betting Duty Ordinance for the period from 1 April 2020 to 31 March 2023. He completed secondary education in the People's Republic of China. He was an independent non-executive director of TC Orient Lighting Holdings Limited (stock code: 515) from 15 June 2012 to 16 October 2014, the shares of which are listed on the Main Board of the Stock Exchange.

Ms. KWOK Yuen Man Marisa, aged 68, was appointed as an independent non-executive Director on 30 April 2013. She is also the chairman of nomination committee and a member of the audit committee and remuneration committee of the Company. She has over 41 years of experience in holding senior managerial roles in telecommunication industry. She joined Cable & Wireless HKT Limited in April 1982 and left the company in February 2000 when she was the director of corporate market. In 2001, she joined Hong Kong CSL Limited as director, marketing and operations and left the company in June 2004. She later joined PCCW-HKT Limited as managing director, commercial group from June 2004 to February 2006. From June 2006 to March 2007, she was the managing director of Boyden China Limited, a global executive search firm. From March 2007 to March 2011, Ms. KWOK was the general manager, marketing unit Hong Kong & Macau, of Sony Ericsson Mobile Communications International AB. Currently, Ms. KWOK is a director of Rich Gain Worldwide Limited, which is principally engaged in retail of apparel, leather goods and accessories. She holds a bachelor of arts honours degree in business administration from the University of Western Ontario.

Mr. TSO Ka Yi, aged 59, was appointed as an independent non-executive Director on 15 January 2018. He is also the chairman of audit committee and a member of the nomination committee and remuneration committee of the Company. He was a director of Mandarin Kopitiam Management Limited, a company focuses on the franchise business of a Singaporean famous kopitiam brand "Killiney" in Hong Kong for the period from August 2016 to December 2021. From January 2011 to December 2013, he served as a chief financial officer of Mandarin International Limited, a master franchisee of "Killiney". Afterwards, he was appointed as director of Mandarin International Limited from December 2013 to September 2017. He joined Ernst & Young Tax Services Limited as junior accountant in December 1990 and left the company as a senior manager in December 1999. Mr. TSO graduated from The Chinese University of Hong Kong with a Bachelor's degree of Business Studies in 1987. In 2005, he also obtained a Master's degree of Management and a Bachelor's degree of Arts (Japan Studies) from Massey University in New Zealand. Mr. TSO is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

SENIOR MANAGEMENT

Mr. WAN Chun Cheong, aged 43, was appointed as general manager of TSO in February 2022 and is primarily responsible for client management and supervision of the daily operation of TSO. He joined TSO for over 21 years since January 2002. From December 2000 to January 2002, Mr. WAN was the senior technician of Hong Kong Communication & Equipment Limited which is principally engaged in the provision of mobile phones repair services. He has over 22 years of experience in mobile phones repair industries. Mr. WAN received his bachelor's degree in business management (engineering) from Coventry University in London in 2011 and a master's degree in business administration from The Hong Kong Polytechnic University in 2016.

Note: Messrs. CHEUNG King Shek, CHEUNG King Shan, CHEUNG King Chuen Bobby and CHEUNG King Fung Sunny (collectively, the "CHEUNG Brothers"), each of them is a director of certain subsidiaries of the Company.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices aiming at a high level of transparency and accountability. The Company is committed to continuously improving its corporate governance practices as part of its own corporate culture, throughout the reporting period from 1 April 2022 to 31 March 2023 (the "Reporting Period"), in which has adopted all the applicable code provisions of the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively), to ensure that business activities and decision-making processes are regulated in a proper and prudent manner. During the Reporting Period, the Company has complied with the CG Code, except the deviation as disclosed under the section headed "Functions of the Board" below.

According to the Code Provision D.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the Reporting Period, the chief executive officer and chief financial officer of the Group have provided and will continue to provide to all members of the Board with updates on any material changes to the performance, position and prospects of the Company, which is considered with sufficient details to provide the general updates of the Company to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the Code Provision D.1.2 of CG Code and/or the respective Listing Rules.

BOARD OF DIRECTORS

Board Composition

The board of directors of the Company (the "Board" and "Directors", respectively) currently comprises three non-executive Directors, one executive Director and three independent non-executive Directors. The composition of the Board is as follows:

Non-executive Directors

Mr. CHEUNG King Shek *(chairman)*
Mr. CHEUNG King Shan
Mr. CHEUNG King Chuen Bobby, *MH*

Executive Director

Mr. CHEUNG King Fung Sunny *(chief executive officer)*

Independent Non-executive Directors

Mr. FONG Ping, *BBS, JP*
Ms. KWOK Yuen Man Marisa
Mr. TSO Ka Yi

The Company has complied with the requirement of Rule 3.10A of the Listing Rules which the number of independent non-executive directors ("INEDs") representing at least one-third of the Board. The biographical details of all Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 12 to 14 of this annual report. To the best knowledge of the Company, save as disclosed in the said section, there is no financial, business, family or other material or relevant relationships among members of the Board.

Functions of the Board

The principal function of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business and the Board delegates the authority and responsibility for implementing the Group's policies and strategies.

Directors' Appointment, Re-election and Removal

In compliance with the Code Provision B.2 of the CG Code, the Company set-up a formal, considered and transparent procedure for the appointment of new directors, and there should be plans in place for orderly succession for appointments. All directors should be subject to re-election at regular intervals. In cases of the resignation or removal of any director, the Company must explain the reasons for that case. Under B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The executive Director has entered into a service agreement with the Company for an indefinite term commencing from 30 April 2013 until terminated by not less than three months' notice in writing to the other party and subject to the early termination provisions contained therein.

Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company, and is appointed for a fixed term of three years subject to early removal from office in accordance with the Articles of Association, and retirement and re-election provisions in the articles of association of the Company ("Article of Association").

By virtue of Article 112 of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting of the Company. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company ("AGM") and shall then be eligible for re-election. Newly appointed Directors will receive induction packages continuing the duties and responsibilities of directors as required under the Listing Rules and regulations.

Every Director should be subject to retirement by rotation at least once every three years at AGM, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years under the Listing Rules and the Article of Association.

In compliance with the Code Provision B.2.3 of the CG Code, the re-election of each of those independent non-executive Directors who has served on the Board for more than nine years is subject to (i) a separate resolution to be approved by the Shareholders at the relevant AGM; and (ii) further information being given to Shareholders together with the notice of meeting the reasons why the Board believes the relevant Director is still independent and should be re-elected. If all of the INEDs of the Company have served more than nine years on the board, the issuer should make relevant disclosure with the length of tenure of each existing INEDs on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting, and appoint a new INED on the board at the forthcoming AGM.

A Director may be removed by an ordinary resolution of the Company before the expiration of his/her term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him/her and the Company) and the Company may by ordinary resolution appoint another in his/her place.

Independent Non-executive Directors

The Company has three out of seven Directors are INEDs, among the three independent non-executive Directors, Mr. TSO Ka Yi has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. In accordance with Rule 3.13 of the Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmations, considers Mr. FONG Ping, Ms. KWOK Yuen Man Marisa and Mr. TSO Ka Yi to be independent.

Chairman and Chief Executive Officer

According to the Code Provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the Reporting Period, the role of the chairman of the Company is performed by Mr. CHEUNG King Shek and the executive functions of a chief executive are discharged by Mr. CHEUNG King Fung Sunny as the chief executive officer of the Company.

Delegation of Powers

The Board delegates day-to-day operations of the Group to the chief executive officer and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Continuing Professional Development

According to the Code Provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some training for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the Code Provision C.1.4 of the CG Code on the Directors' training. During the Reporting Period, all the Directors have participated in continuous professional development and the relevant details are set out below:

Directors	Reading materials
Non-executive Directors	
Mr. CHEUNG King Shek *(chairman)*	2
Mr. CHEUNG King Shan	2
Mr. CHEUNG King Chuen Bobby	2
Executive Director	
Mr. CHEUNG King Fung Sunny *(chief executive officer)*	2
Independent Non-executive Directors	
Mr. FONG Ping	2
Ms. KWOK Yuen Man Marisa	2
Mr. TSO Ka Yi	2

Directors' and Officers' Liabilities

In compliance with the Code Provision C.1.8 of the CG Code, the Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors and the company secretary of the Company that may arise out in the corporate activities. The insurance coverage is reviewed on an annual basis.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors who were in office during the Reporting Period, all of the Directors have confirmed that they have complied with the required standards of dealings during the Reporting Period.

CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions of the Company can be found on pages 61 to 64 of this annual report.

BOARD COMMITTEES

In accordance with the requirements of the Listing Rules, the Company has established three Board Committees including the audit committee, remuneration committee and nomination committee (collectively, the "Committees") to oversee specific aspects of the Group's affairs. The Committees have been provided with sufficient resources to discharge their respective duties. Each of the Committees has adopted specific terms of references covering its duties, powers and functions, which will be reviewed by the Board from time to time.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 2 May 2013 with written terms of reference in compliance with the CG Code. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee, among other things, are to make recommendations to the Board on the appointment, reappointment and removal of external auditor; to monitor integrity of the Company's financial statements and reports and accounts, and review significant financial reporting judgments contained in them; to oversee the financial reporting system, risk management and internal control systems of the Company; and to review arrangements for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. FONG Ping, Ms. KWOK Yuen Man Marisa and Mr. TSO Ka Yi. Mr. TSO Ka Yi is the chairman of the Audit Committee.

The following is a summary of works performed by the Audit Committee, which have been reported to the Board, during the Reporting Period:

(a) reviewed the interim and annual financial statements before submission to the Board;

(b) reviewed the Group's financial controls, internal control and risk management systems;

(c) approved the remuneration and the appointment and the terms of engagement of the external auditor;

(d) reviewed the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;

(e) met with external auditor without the presence of management;

(f) reviewed and discussed the external auditor's report to the Audit Committee;

(g) reviewed the corporate governance disclosures in the interim and annual reports;

(h) reviewed the continuing connected transactions and their annual caps;

(i) reviewed the dividend policy of the Company; and

(j) reviewed the terms of reference of the Audit Committee.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 2 May 2013 with written terms of reference in compliance with the CG Code. The terms of reference of Remuneration Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee, among other things, are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group and to ensure that none of the Directors determines his/her own remuneration.

The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. FONG Ping, Ms. KWOK Yuen Man Marisa and Mr. TSO Ka Yi. Mr. FONG Ping is the chairman of the Remuneration Committee.

The following is a summary of works performed by the Remuneration Committee, which have been reported to the Board, during the Reporting Period:

(a) reviewed the remuneration packages and assessed the performance of the Directors;

(b) considered the increase of remuneration packages of certain Directors;

(c) considered the distribution of discretionary bonus to certain Directors; and

(d) reviewed the remuneration policy of the Group.

Remuneration Policy for Directors and Senior Management

The executive Director, the independent non-executive Directors and senior management of the Company receive compensation in the form of director's fees, salaries, benefits in kind and/or discretionary bonuses with reference to the amount paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management of the Company, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. The remuneration package of each of the Directors is detailed in Note 14 to the consolidated financial statements. The Directors and senior management of the Company may also receive options to be granted under the share option scheme of the Company (the "Share Option Scheme"), details of which are set out on pages 51 to 54 of this annual report.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 2 May 2013 with written terms of reference in compliance with the CG Code. The terms of reference of Nomination Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee, among other things, are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board regarding appointment of Directors and succession planning for Directors.

The Nomination Committee comprises three independent non-executive Directors, namely, Mr. FONG Ping, Ms. KWOK Yuen Man Marisa and Mr. TSO Ka Yi. Ms. KWOK Yuen Man Marisa is the chairman of the Nomination Committee.

The following is a summary of works performed by the Nomination Committee, which have been reported to the Board, during the Reporting Period:

(a) reviewed and assessed the independence of all independent non-executive Directors;

(b) recommended the list of retiring Directors for re-election at the AGM;

(c) reviewed the structure, size and composition of the Board;

(d) reviewed the board diversity policy of the Company; and

(e) reviewed the nomination policy of the Company.

Nomination Policy for election or re-election of Directors

The Board has adopted a nomination policy (the "Nomination Policy") which sets out the criteria and procedures for selection and nomination of Directors. The Company aims to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. The Nomination Policy provides the transparency of the election or re-election process and ascertain the selection standards and measures are align with the objective and the needs of the Group. Qualified candidates will be proposed by the Nomination Committee to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications, skills and experience. Further details of the selection criteria are set out in the terms of reference of the Nomination Committee which is available on the websites of the Stock Exchange and the Company. The Board shall make the final decision on selection and recommendation of qualified candidates for directorship to the Shareholders.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board since 7 November 2013. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional background and the presence of one female Director out of a total of seven Board members, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. The Board will continue to review its composition from time to time taking into consideration specific needs for the Group's business.

BOARD MEETINGS AND BOARD PRACTICES

The Directors can attend meetings in person or through other means of electronic communications in accordance with the Articles of Association, the relevant board minutes were recorded in the sufficient detail of the matters which considered and approved at the Board meeting.

During the Reporting Period, four regular Board meetings at approximate quarterly intervals were held, each of the Directors has actively participated in each meeting in person or via electronic platforms. Decisions were made by majority vote at the Board meetings.

Attendance Records of Board Meetings and Board Committees Meetings

The attendance records of each Director and each member of the three Board Committees at the relevant meetings held within the Reporting Period are as follows:

		Board Committees		
	Board	Audit Committee	Remuneration Committee	Nomination Committee
No. of meetings held during the Reporting Period	5	3	2	1
	Meetings Attended/Eligible to Attend			
Non-executive Directors				
Mr. CHEUNG King Shek *(chairman)*	5/5	N/A	N/A	N/A
Mr. CHEUNG King Shan	5/5	N/A	N/A	N/A
Mr. CHEUNG King Chuen Bobby	5/5	N/A	N/A	N/A
Executive Director				
Mr. CHEUNG King Fung Sunny *(chief executive officer)*	5/5	N/A	N/A	N/A
Independent Non-executive Directors				
Mr. FONG Ping	5/5	3/3	2/2	1/1
Ms. KWOK Yuen Man Marisa	3/5	2/3	1/2	1/1
Mr. TSO Ka Yi	5/5	3/3	2/2	1/1

General Meeting

During the Reporting Year, the Company held a general meeting, the following table shows the attendance of the Directors and the attendance record of each Director was as follow:

	2022 Annual General Meeting
No. of meetings held during the Reporting Period	1
Non-executive Directors	
Mr. CHEUNG King Shek *(chairman)*	1/1
Mr. CHEUNG King Shan	1/1
Mr. CHEUNG King Chuen Bobby	1/1
Executive Director	
Mr. CHEUNG King Fung Sunny *(chief executive officer)*	1/1
Independent Non-executive Directors	
Mr. FONG Ping	0/1
Ms. KWOK Yuen Man Marisa	1/1
Mr. TSO Ka Yi	0/1

In accordance with the Code Provision F.2.2 of the CG Code, the chairman of the Board (the "Chairman") should attend the AGM, and also invite the chairmen of the Committees to attend. In cases of absence, the Chairman should invite another member of the Committees or failing this their duly appointed delegate, to attend. These persons should be available to answer any questions raised during the AGM. To comply with Code Provision F.2.2 of the CG Code, the management will ensure the external auditor to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and half-year end.

The responsibility of the Directors in relation to the consolidated financial statements is set out below. It should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 66 to 69 which acknowledges the reporting responsibility of the auditor of the Group.

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the Reporting Period, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the Reporting Period, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited and its affiliated firms, in respect of their audit and non-audit services was as follows:

	HK$'000
Audit service	650
Non-audit services*	230
Total	880

* Included in non-audit services were approximately HK$110,000 in relation to services performed by SHINEWING (HK) CPA Limited's affiliated firms.

CORPORATE GOVERNANCE FUNCTIONS

According to Code Provision A.2 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company, and delegate the responsibility to the Committees to perform its corporate governance duties. The Board has the following duties and responsibilities for performing the corporate governance duties of the Company:

(a) to develop and review the policies and practices on corporate governance of the Group;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees of the Company; and

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report contained in the annual report of the Company.

INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of the Group's internal control systems. The Company has reviewed the effectiveness of the systems of internal control of the Group, covering all material controls, including financial and operation for the Reporting Period. Based on the result of the review in respect of the Reporting Period, the Directors considered that the internal control systems are effective and adequate.

A meeting regarding the internal control functions and policies of the Company for the Reporting Period has been held.

The Group has established a policy for ensuring that inside information (the "Inside Information") is disclosed to the public in an equal and timely manner in accordance with the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"). The senior management of the Group is to provide timely and accurate information, to allow the Board to make an informed decision to determine whether the information is Inside Information and/or whether the Company has to disclose such information to the public. Senior management of the Group must report to the Board and/or CEO any information they have which they believe to be Inside Information and will trigger the Company to discharge its disclosure duty. The Company Secretary will follow up accordingly.

The Company Secretary is responsible for disclosing Inside Information to the public and/or is authorised to collect any information from any department and/or employee of the Group in order to help determining whether the alleged information is Inside Information and/or whether disclosure is required.

COMMUNICATION WITH INVESTORS AND SHAREHOLDERS RELATIONS

The Company values communication with its Shareholders and investors. The Company uses two-way communication channels to account to its Shareholders and investors for the performance of the Company. Enquiries and suggestions from its Shareholders or investors are welcomed, and enquiries from its Shareholders and investors may be put to the Board through the following channels to the chief executive officer of the Company:

(a) by mail to the Company's principal place of business at Flat C, 3/F, Sunshine Kowloon Bay Cargo Centre, 59 Tai Yip Street, Kowloon Bay, Kowloon, Hong Kong; or

(b) by email at enquiry@tso.cc.

The Company uses a number of formal communication channels to account to its Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the AGM or extraordinary general meetings (if any) providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's branch share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or despatching circulars, notices and announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the AGM for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the general meetings.

SHAREHOLDERS' RIGHTS

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to Article 64 of the Articles of Association, one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company, have the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Written Notice") to the Company's principal place of business in Hong Kong at Flat C, 3/F, Sunshine Kowloon Bay Cargo Centre, 59 Tai Yip Street, Kowloon Bay, Kowloon, Hong Kong.

The Written Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) must be signed by the Shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information.

The period for lodgment of the Written Notice shall commence on the day after the despatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Written Notice as early as practicable preferably at least 15 business days prior to the date of the general meeting appointed for such election.

In order to promote effective communication, the Company also maintains a website (www.tso.cc) which includes the latest information relating to the Group and its businesses.

COMPANY SECRETARY

On 29 November 2022, Ms. YEUNG Wing Chong ("Ms. YEUNG") resigned as the Company Secretary and Ms. LEE Wing Sze Connie ("Ms. LEE") was appointed as the Company Secretary in place of Ms. YEUNG. Ms. LEE has fulfilled the qualifications and received no less than 15 hours of relevant professional trainings to update her skills and knowledge under Chapter 3 of the Listing Rules.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Company amended the Memorandum and Articles of Association of the Company by, among others, bringing the existing one in line with the Core Shareholder Protection Standards set out in Appendix 3 of the Listing Rules which took effect on 1 January 2022. The amended and restated Memorandum and Articles of Association became effective on 18 August 2022. The amended and restated Memorandum and Articles of Association is available on the Company's website at www.tso.cc and on the Hong Kong Stock Exchange's website at www.hkexnews.hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

Telecom Service One Holdings Limited ("Group" or "we") is pleased to publish the Environmental, Social and Governance ("ESG") Report ("ESG Report") for the reporting period from 1 April 2022 to 31 March 2023 (the "Year"). The ESG Report elaborates on the various works of the Group in fulfilling the principle of sustainable development and its performance in corporate social responsibilities during the Year. The Group will continue to strengthen its efforts in information collection to enhance the performance on environmental, and social aspects and to disclose related information in the future.

1.1 Scope of ESG Report

The Group is principally engaged in the provision of repair and refurbishment services for mobile phones and other personal electronic products, coupled with the sales of related accessories in Hong Kong. The ESG Report focuses on the environmental and social performance of the core business of the Group in Hong Kong during the Year. The disclosure of the key performance indicators ("KPIs") in the year covers all the entities of the Group in Hong Kong, including the Group's head office, repair centres, and warehouse.

1.2 Reporting Framework

The ESG Report makes relevant disclosures in accordance with the "Environmental, Social and Governance Reporting Guide" as set out in Appendix 27 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and complies with the "Comply or Explain" provision therein. The ESG Report complies with the reporting principles set out in the Environmental, Social and Governance Reporting Guide.

1.3 Reporting Principles

The content of the ESG Report is determined through the stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders' opinions, assessing the relevance and materiality of the issues, and preparing and validating the information reported. Please refer to the section "Materiality Assessment" for more details. The ESG Report has covered all key issues that concerns different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so that stakeholders can have a comprehensive understanding of the Group's ESG performance. Information on the standards, methodologies, references, and source of KPIs are stated wherever appropriate. To enhance the comparability of the ESG Report between years, the Group adopts consistent reporting formats and methodologies for KPIs calculation as practicable as possible. In case of any changes, the explanation will be provided in the ESG Report to facilitate information interpretation.

1.4 Information and Feedback

Your opinions and feedback on the ESG Report will be highly valued by the Group. Should you have any advice or suggestions, please share your views with us via email at ESG_enquiry@tso.cc.

2. BOARD STATEMENT

The Group believes that good ESG governance strategies and practices are the keys to enhancing its investment value and bringing in long-term returns to its stakeholders. In order to better monitor and manage the Group's policies, measures, and work regarding ESG, the Board of Directors (the "Board") is responsible for the oversight of the Group's ESG-related issues, including setting up, assessing, and reviewing ESG-related goals and strategies, monitoring ESG performance, and reviewing the processes of stakeholder engagement. To ensure the operations and practices meet the Board's expectations and the Group's strategies, the Board delegates authority to supervisors and colleagues to help monitor the cooperation among different departments. Furthermore, training related to ESG, customer services, and product handling is provided every month to employees to enhance the quality of ESG-related matters.

The Board understands the importance of prioritising ESG issues of the Group. Therefore, it has assigned an independent consulting firm during the Year to conduct a materiality assessment on ESG issues. Internal stakeholder surveys have been carried out and industry-specific issues were considered by using materiality maps together with professional advice. Senior management has also participated in the engagement exercises and provided constructive feedback in determining the materiality of ESG issues. The Board is well-informed about the results and will keep reviewing the engagement channels of stakeholders to ensure effective communication between the Group and its stakeholders.

In order to further motivate the Group in pursuing a higher ESG-related standard, the Board will continue to keep track of the latest development of the ESG reporting requirements of the Hong Kong Stock Exchange and set various goals and targets for ESG performance with reference from the Group's most significant issues to its business and stakeholders whenever necessary. The Group also shares its progress in ESG with different stakeholders, most notably through the Group's annual ESG Report.

2.1 Corporate Cultures

Corporate culture plays a critical role in defining the Group's approach towards sustainability development. The Group's values, beliefs, and practices can and will have a significant impact on the Group's ESG performance. By building a sustainability-centered corporate culture, the Group can foster innovation, collaboration, and commitment to continuous development and improvement. Also, the Group strives to incorporate sustainability ideas into all aspects of business, from supply chain management and product development to employee engagement and community development. By prioritizing sustainability, The Group is better positioned to mitigate environmental risks, creating long-term values, and building sounding relations with stakeholders.

The Group understands that building a strong and supportive corporate culture is essential to attracting and retaining top-tier talents, establishing trust with our customers, and advantageous in creating long-term values for both the Group and our stakeholders. Thus, the Group is committed to foster a culture that is aligned with our ESG commitments, and one that will reflect our core values of sustainability, employee engagement, and business integrity.

Focusing on employee's engagement and well-being is set to be an important aspect of our corporate culture and development principles. The Group recognises our employees as our most valuable assets, and are committed to provide them with a supportive and empowering working environment. The Group offers a variety of development programs and training for our employees, ensuring that our employees retain the skills and knowledge they need to be successful professionally and personally. Other than that, the Group is also committed to promoting diversity and equality in the workspace, as we believe that it would be advantageous in building a strong corporate culture and corporate success.

The Group takes compliance and business ethics responsibility seriously. The Group strives to build trust with our customers and stakeholders, thus outlining comprehensive programs to ensure the Group is always operating within the bounds of relevant laws and regulations. The Group also endeavors to be accountable and transparent in all our operations, and will communicate with our stakeholders regularly to better understand their concerns and priorities.

In conclusion, corporate culture is a critical element of our ESG performance at our telecommunications company. By fostering a culture that is aligned with our ESG commitments, we are confident that we can create long-term value for our stakeholders and contribute to a more sustainable future for all.

3. MATERIALITY ASSESSMENT

The preparation of the ESG Report was supported by the employees across various departments, enabling us to have a thorough understanding of our current environmental and social development. The information that the Group gathered is a summary of the environmental and social initiatives carried out by the Group during the Year and acts as the basis for mapping out its short-term and long-term sustainable development strategies. Meanwhile, the Group strives to maintain supporting and trusting relationships with its stakeholders. Through diversified communication channels, the Group can effectively understand and respond to the expectations and requirements of different stakeholders.

Stakeholders	Expectations and Requirements	Means of Communication and Response
Business partners	• Operation with integrity • Equal rivalry • Performance of contracts • Mutual benefits and win-win situations	• Review and appraisal meetings • Business communication • Discussion and exchange of opinions • Engagement and cooperation
Customers	• Outstanding products and services • Health and safety • Performance of contracts • Operational integrity	• Customer service centre and hotlines • Customer feedback survey • Social media platforms
Environment	• Compliance with emission regulations • Energy saving and emission reduction • Environmental protection	• Reporting
Employees	• Protection of rights • Occupational health and safety • Remunerations and benefits • Career development • Humanity cares	• Employee mailbox • Training and workshop • Employee communication meetings
Government and Regulations	• Strict compliance with policies, laws, and regulations • Supporting local economic growth • Driving local employment • Tax payment in full and on time • Ensuring production and product safety	• Regular information reporting
Shareholders	• Returns • Compliance operation • Increasing company value • Transparent information and effective communication	• General meetings • Announcements • Email, telephone communication, and company website • Site visits
Industry	• Establishment of industry standards	• Reporting

Given the relevance and validity of the ESG Report with the Group's environmental and social performance, the Group has conducted a materiality assessment to identify ESG issues that are material to the business of the Group and its stakeholders. The assessment is based on internal stakeholder surveys, the materiality maps provided by well-known external institutions[1], as well as the professional opinions from an independent consulting firm. During the Year, the Group has identified 8 material ESG-related issues, which are disclosed in detail in the ESG Report.

Material Issues	Corresponding Sections
Waste Management	Emission
Use of Raw Materials and Packaging Materials	Green Operation
Labour Management	Employment Guidelines
Diversity and Equal Opportunity	Employment Guidelines
Quality Management	Product and Service Quality Supply Chain Management
Customer Service Management	Product and Service Quality
Privacy and Data Security	Privacy Protection
Business Ethics	Anti-corruption

4. ENVIRONMENTAL PROTECTION

The Group spares no effort in improving its environmental performance and reducing its environmental impact. The Group does not engage in business activities that would cause notable impacts on the environment and natural resources. Nevertheless, the Group attaches great importance to implementing different policies on emissions and resource management in the business operation.

4.1 Emission

The Group recognises the importance of maintaining environmental sustainability in its daily operation and acts in strict compliance with local laws and regulations relating to emission control, including but not limited to the Water Pollution Control Ordinance and Waste Disposal Ordinance. As a service-based enterprise, the Group is not involved in any manufacturing process and does not own any vehicles. Therefore, the Group does not generate industrial waste, industrial wastewater, or exhaust emissions that raise significant environmental issues. Moreover, no vehicles are being used by the Group, no vehicular exhaust emission is generated. Since the operation of the Group's business is not carbon-intensive, no reduction target or strategies for carbon emission has been developed.

1 The material maps referenced in the materiality assessment include the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by MSCI and the Sustainability Accounting Standards Board (SASB).

The Group advocates and achieved its water efficiency and water reduction targets in the workplace by implementing Policy on Environmental Protection and Resource Management and posting leaflets around the office to raise awareness of water efficiency among employees. The major type of wastewater generated by the Group is domestic sewage, which is directly discharged into the municipal drainage system. Meanwhile, the Group has put effort to reduce water consumption and further minimise the domestic sewage discharged, such as putting water-saving reminder labels in the toilet.

During the Year, the Group has relocated its head office. Since the repair centres, warehouse, and new head office of the Group are rented properties and the water charges are included in the management fee, thus the water consumption records are not available for disclosure.

The non-hazardous waste of the Group is composed of waste paper and general office waste. In order to reduce waste generation, the Group encourages suppliers to avoid using one-off packaging materials for shipping and suggests employees to reuse packaging materials, such as plastic bags and antistatic materials. In addition, the Group collects unwanted or wasted portable chargers from employees, which will be transferred to qualified companies for handling to alleviate the negative impacts of the disposal of chargers on the environment. Other general waste is collected and processed by the property management office. The hazardous waste produced by the Group includes battery and electronic waste, such as malfunctioned mobile phones, parts, electronic products, and related accessories. The hazardous waste is collected and transferred to the corresponding suppliers for proper handling to avoid unwanted pollution and harm. When handling malfunctioned computers, the IT department will attempt to repair the units and computers will only be disposed by qualified companies when they are beyond repairs. As the hazardous wastes were collected and transferred by corresponding collectors, the data for hazardous waste were not available for disclosure this Year.

The Group aims to reduce waste by maximising the waste recycling rate and promoting reuse in the workplace and has implemented different measures to achieve the target. For instance, the Group places three kinds of recycling bins in the head office, repair centres, and warehouse to collect waste paper, aluminium cans, and plastic bottles, which are subsequently transferred to qualified companies for recycling after collection. As for paper waste, the Group encourages employees to reuse paper or use paper on both sides wherever possible. Moreover, the Group shall collect paper documents, such as waste paper, posters, letters, and envelopes for recycling. Last but not least, the Group also works with electronics companies to recycle old computers and other electronic waste such as waste batteries to reduce the impact on the environment.

However, due to the relocation to the new head office, an increase in operation scale, and an increase in full-time staff employment, the Group produced more non-hazardous waste than the last tracking period during the Year. The Group will continue to practice and improve its waste reduction policy, aiming to reduce the total waste generation in the near future and incoming years.

4.2 Energy Conservation

The Group has set out an energy conservation target of utilising energy-saving devices to maximise energy efficiency. The Group employs multiple energy-saving initiatives to improve the working efficiency of and/or devices to reduce energy consumption. Internal policy on energy conservation has been established to guide employees. For the lighting system, the Group has installed energy-efficient lighting and required all employees to switch off the lights of their departments when out for lunch breaks and after office hours. Also, employees are reminded to switch off the lights in the reception rooms, meeting rooms, and warehouses when they are not in use. In order to reduce the use of air-conditioners, employees are required to switch off the air-conditioners when out for lunch breaks and after office hours. In addition, the temperature set for air conditions is monitored to maintain a suitable room temperature and usage, employees are not allowed to lower the temperature without permission from the office administrators. The Group also encourages employees to set the computers to automatic standby or sleep mode, and are reminded to switch off all unused electrical devices and lights before leaving the office.

However, due to the relocation to the new head office, an increase in operation scale, and an increase in full-time staff employment, the Group had consumed more energy and electricity in the Year than in the last tracking period. The Group will continue to practice and improve its energy efficiency and environmental protection policy, aiming to reduce the total energy consumption in the near future and incoming years.

4.3 Green Operation

The Group emphasises employees' support and participation in the green operation, thus engaging measures are adopted to enhance employees' awareness of environmental protection. For instance, the Group puts up notices around the office to remind employees of energy and water conservation, and remind employees to reduce the use of non-recyclable goods such as disposable wiping towels and paper. While there is no issue in sourcing water that is fit for such a purpose.

The Group also seeks out various ways to reduce paper consumption in the office, such as using recyclable paper, printing documents on both sides, recycling envelopes, setting printing quotas, using smaller font sizes and adjusting line spacing for documents, reusing promotional brochures and packaging materials, and disseminating information via electronic means. Apart from employees' participation, the Group conserves resources by promoting the importance of waste reduction to its customers. For example, the Group actively suggests to customers the need for packaging materials. The Group also encourages customers to use its online platform for making reservations to reduce the demand for printing. The reduction in printing helps minimise greenhouse gas emissions as it lowers the amount of paper waste disposed at landfills and reduces the generation of hazardous waste caused by printer and printer ink usage.

4.4 Responding to Climate Change

Climate change has become one of the major global issues and the Group recognises its responsibility to mitigate the effects that climate change might bring to its business and operations. The Group has identified, assessed, managed, and monitored climate-related risks regularly. The Group has reviewed global and local government policies, regulatory updates, as well as market trends to identify potential climate-related risks and opportunities that may lead to any financial impact and risk on the Group's businesses and operations.

The extreme weather events caused by climate change have become more severe, which have negatively affected the economic activities and increased operating costs of the Group. More frequent extreme weather events may increase the capital costs of the Group due to damage to facilities and threats posed to employees' safety. Therefore, the Group is highly concerned about climate change and events triggered by climate change and is committed to reducing greenhouse gas emissions to alleviate environmental deterioration.

As a response to the increasing occurrence of extreme weather events, the Group considers the safety of its employees as the priority and has established an internal guideline regarding the working arrangement under typhoon signals, rainstorm warning signals, and extreme conditions when/after (super) typhoons hit. When the weather warning is in force, the Group has a contingency plan in place to protect the employees and its assets. To further enhance climate resilience, the Group shall execute recovery plans and actions after the occurrence of extreme weather events.

5. EMPLOYMENT AND LABOUR PRACTICES

The Group believes that its competitive strengths are attributed to its experience and capabilities of employees. The Group attaches great importance to the rights and interests of employees and complies with laws and regulations regarding employment and labour standard. The Group shall invest in employees and provides them with sounding career opportunities to strengthen its business and employees' development.

5.1 Employment Guidelines

The Group complies with the relevant labour laws and regulations, including but not limited to the Employment Ordinance, Employees' Compensation Ordinance, and Mandatory Provident Fund Schemes Ordinance regarding compensation, benefits, dismissal, working hours, and rest periods. The Group respects every employee and treats them equally with a zero-tolerance approach towards any form of discrimination on the grounds of gender, race, region, and any lawfully protected characteristics. The non-discriminatory approach applies to all employment activities and human resource-related matters, including recruitment, promotion, transfer, reward provision, and training. If any unfair treatment is discovered, the concerned employees should report the incident to their supervisors. Much effort is also given by the Group to safeguard the legitimate rights and interests of employees and cater to the developmental needs of employees.

Before employment is offered to an applicant, the Human Resources Department will verify his or her age by checking the identification documents to prevent wrongful employment of child labour. If such unfortunate wrongful employment is discovered, the Group would investigate the cases thoroughly and dismiss related employees immediately. Details of employment such as job duties, working hours, and monthly salary are clearly stated in the employment agreement to prevent forced labour. When a resignation is tendered by an employee, the Human Resources Department will arrange an exit interview for the employee to better understand his or her reason for quitting. The Group is determined to constantly improve the quality of the management through the analysis of exit survey results.

5.2 Salary and Benefits

A comprehensive performance appraisal system has been developed to regularly assess employees' performance, it is based on employees' working abilities and performance, abilities of organisation and management, team spirit, creativity, problem-solving skills, interpersonal skills, as well as presentation and communication skills, etc. For senior management, leadership and management skills are also taken into consideration. The results of the performance appraisal would act as the reference for salary adjustment and promotion.

Overtime working is not encouraged by the Group but on a voluntary basis as approved by the employee's supervisor. The overtime work is compensated by holidays or additional payment. Apart from statutory holidays, all employees are entitled to sick leave, annual leave, marriage leave, compassionate leave, and maternity leave. The Group makes contributions to Mandatory Provident Fund Schemes for full-time employees. Employees are also entitled to a discretionary bonus, medical insurance, and labour insurance offered by the Group.

Furthermore, the Group endeavours to promote work-life balance culture and a healthy lifestyle among employees, and will organise various events regularly to enhance employees' sense of belonging and cohesion in the Group. Due to the COVID-19 outbreak, the Group avoided organising employee activities during 2022 in order to reduce the risk of spreading the virus during gatherings. Moving on to 2023, when the restrictions were lifted by the government, the Group was able to organise and hold some outdoor events again such as a charity walk for the employees. The Group will strive to enhance employees' sense of belonging and leisure progressively in the coming months through different means.

5.3 Health and Safety

The Group upholds occupational health and safety in strict compliance with relevant laws and regulations, including but not limited to the Occupational Safety and Health Ordinance. In order to create a safe and healthy workplace for employees, the Group has prohibited smoking in the workplace, organised regular office cleaning, and established emergency procedures as a reference for employees if accidents ever occurred. Staff shall wear uniforms when they enter the working area, whereas all visitors shall wear protective clothing such as clothe and shoe covers. The Group has also handed out safety leaflets published by the Occupational Safety and Health Council in the workplace, such as the Safe Manual Handling, Electrical Safety, Fire Prevention, and Emergency Response Plan. The Group has specifically handed out leaflets relating to correct work postures, office safety reminders, the safe use of forklift trucks in the warehouse, and flu prevention measures aiming to reduce the risk of injury and remind employees to maintain good personal hygiene.

In the past three years, no work-related fatalities were reported to the Group, and there were no lost days due to work injuries during the Year.

Response to COVID-19 Outbreak

The COVID-19 pandemic was a major health issue. To protect our employees from infection, the Group has implemented a series of control and preventive measures. We carry out sanitisation and cleaning of the office every three hours. Before entering the work premises or service centre, employees and customers were required to wear face masks and measure body temperature, while visitors and customers have to register their records. In addition, we required all employees to make health declarations. Employees who have had close contact with people diagnosed with COVID-19 shall adopt home office practice or have a 14-day self-quarantine. Moreover, we have prepared adequate pandemic-prevention supplies for employees, such as surgical masks, hand sanitisers, gloves, and goggles.

As COVID-19 restrictions were being lifted by the Hong Kong governing bodies in late December 2022, the company also adjusted its COVID-19 measures and responses accordingly. Whilst sanitisation and cleaning are maintained, employees who have had close contact with people diagnosed with COVID-19 are no longer required to practice 14-day self-quarantine, shortening the required period down to 5 days. Moreover, the affected employees were also entitled to 4/5 paid sick leave according to the Employment Ordinance.

To raise employees' awareness, the leaflets for the guideline for the prevention of COVID-19 published by the Centre for Health Protection were circulated among employees. Besides, the Group has strived its best to cooperate and support the local government's pandemic prevention and control work. We actively responded to the Universal Community Testing Programme by allowing employees to take the test during office hours. We encourage our employees to receive COVID-19 vaccination which has become one of the considerations of salary adjustment of employees in the Year. Employees who have received the third dose of the COVID-19 vaccine shall be granted special leave.

5.4 Development and Training

It is our strong belief that human capital is the most prominent resource of an enterprise. Therefore, the Group is committed to organising internal training and encouraging employees to attend external seminars, to enrich their knowledge in discharging duties and enhance working efficiency.

New employees are required to attend orientation and skills training. The skills training includes brand-oriented training ranging from device repair to software skills for back-end staff to increase professional skills, and training on services scope and customer service skills training for front-end staff to increase service quality. Existing managers and staff in designated posts are provided with professional training programmes, covering topics such as administration and inspection skills. The Group shall keep abreast of the market trends to review and organise up-to-date training programmes. During the Year, the Group has additionally organised a series of training sections on battery safety, such as the air transport of lithium batteries and the shipping of damaged, defective, or recalled (DDR) lithium batteries.

6. OPERATING PRACTICES

As the Group is principally engaged in the provision of repair and refurbishment services for mobile phones and other personal electronic products, as well as the sales of related accessories, its success highly depends on the quality of services and customer satisfaction. We aim to provide the best quality of services for the customers through proper operating practices and managements.

6.1 Supply Chain Management

Procurement decisions are made based on inventory levels and movement, expected sales, lead time of the products, and other factors. The Group has implemented a supplier approval procedure to manage all suppliers and has developed new supplier assessment procedures. To fulfil environmental and social responsibility, we always take environmental and social risks into account. When selecting new suppliers, the Group evaluates their performance in environmental protection, employee management, and social governance. The approved new supplier would be the approved supplier list for handling and selection. As for existing suppliers, the Group conducts performance reviews annually, only suppliers with satisfactory product quality or services will be accepted and recorded as approved suppliers. Prior to procurement, the Group will select a supplier from the list of approved suppliers. The Group will also consider removing the supplier from the approved supplier list if any non-conformity products are found from the supplier. In addition, the departments place orders to the suppliers based on their needs. All procurement orders must receive the General Manager's approval.

Furthermore, criteria such as provision of environmentally friendly products and services are considered during procurement whenever feasible. For example, we prefer eco-friendly products which are energy-efficient or made of recyclable materials over those that are not. We also tend to select local suppliers or suppliers that are geographically closer to us to reduce the required traveling cost and carbon footprints.

6.2 Product and Service Quality

The Group is committed to providing customers with reliable services and products. For product quality assurance, the Group has developed an incoming inspection requirement, which stipulates all consumables to be inspected and recorded. For non-conforming products, the Group would isolate the product to prevent any misuse. The Group will then notify the respective suppliers and return the non-conforming products to be followed upon completion of the repair work, the quality of products will be examined by at least two inspectors to ensure the quality meets our standards. For any defective products reported by the end-user, the Group shall inspect the product and determine the handling methods, such as re-working and repairs. During the Year, there was no product recall due to concerns over safety and health-related reasons.

The Group values effective communication with customers and collects comments and feedback from customers through customer services hotlines. In order to enhance customer satisfaction, customers' complaints are all transferred to suppliers for handling promptly and efficiently. The Group has established a corrective action and risk management procedure to handle complaints. All complaints shall be investigated to conclude the cause and provide solutions to fix the problem and take the remedy and corrective actions when required. During the Year, the Group did not receive any complaints related to our products and service quality.

The advertising and promotional activities carried out by the Group are fully governed by relevant laws and regulations, including but not limited to the Trade Descriptions Ordinance. The Group monitors the advertising content to ensure that all advertising contents are clear, true, and free from any false and misleading product descriptions.

6.3 Privacy Protection

The Group attaches great importance to privacy protection and strictly complies with relevant laws and regulations, including but not limited to the Personal Data (Privacy) Ordinance. Employees are required to keep customer information in strict confidence, sign a non-disclosure agreement upon employment, and wipe any personal data on the phone in the presence of the customer before proceeding to repair. Since customer information is necessary for the repair service, the customers will be fully informed about the collection and use of their personal information with consent obtained from the customers. To protect customers' privacy, the Group has implemented a security plan in the warehouse, such as maintaining a 24-hour monitoring CCTV system, alarm system, and door access control. Also, the managers are responsible for assigning access rights and monitoring the activities in the warehouse to maintain data security.

Apart from protecting customers' privacy, employees are prohibited to disclose any information about the employment terms, product specifications, and business strategies of the Group, and/or any of its dealings, transactions, affairs, and/or any other confidential information to any individual, firm or third party both during and after their employment. Without obtaining consent from the Group, downloading or making copies of confidential information from the Group's computers is also strictly prohibited.

6.4 Protecting Intellectual Property

The Group respects intellectual property and strictly complies with relevant laws and regulations, including but not limited to the Copyright Ordinance. The Group would only install authorised software, and employees are required to seek permission from the Group before installing any software.

6.5 Anti-corruption

The Group is determined to maintain a fair and competitive market and promote sustainable development in the industry. The Group strictly abides by laws and regulations on anti-corruption, including but not limited to the Prevention of Bribery Ordinance, and has also established internal guidelines on anti-bribery and declaration of interests. The Group has developed a code of conduct governing the ethics and behaviors of employees. Employees are forbidden from receiving any benefits from suppliers, customers, and the parties related to the Group. In case of gifts or cash with a value over HK$500, employees are required to declare such gifts or cash to governing personnel and department. The Group also forbids its employees from accepting any illegal rebate. Employees are required to make a declaration of interest for unavoidable potential conflicts of interest. Any employees in breach of the codes will be subjected to disciplinary actions, such as warning letters and dismissal. Any suspected corruption or other criminal offenses shall be reported to departmental managers as well as the authority when detected. Anti-corruption training will be provided to employees whenever necessary.

During the Year, the Group is not aware of any legal action against the Group and its employees regarding corruption.

7. COMMUNITY INVESTMENT

The Group hopes to serve the community and bring positive impacts to the society. Over the years, the Group has been promoting social well-being through its keen participation in charitable activities, and actively encouraging its employees to participate in various volunteering works, such as "Hong Kong & Kowloon Walk for Millions 2022/23" to help raise funds for Family and Child Welfare Services supported by the Hong Kong Community Chest. Moreover, the Group also organized and participated in handing out "epidemic prevention kits" to those in need during the COVID-19 pandemic, contributing to the recovery and wellness of society.

8. KEY PERFORMANCE INDICATORS

The KPIs data for the Group's head office, repair centres, and warehouse in Hong Kong are as follows:

Environmental Indicators	2022/23	2021/22
Greenhouse Gases ("GHG") *(Note 1)*		
Total GHG emissions (tonnes CO_2e)	**200**	69
Scope 1 – direct emissions (tonnes CO_2e)	**0**	0
Scope 2 – energy indirect emissions *(Note 2)* (tonnes CO_2e)	**190**	64
Scope 3 – other indirect emissions *(Note 3)* (tonnes CO_2e)	**10**	5
GHG emissions per employee (tonnes CO_2e/employee)	**1.11**	0.53
Waste		
Total hazardous waste produced *(Note 4)* (tonnes)	**0**	1
Hazardous waste produced per working day per centre *(Note 5)* (kg/working day/centre)	**0**	0.79
Total non-hazardous waste produced *(Note 6)* (tonnes)	**23**	11
Non-hazardous waste produced per employee (tonnes/employee)	**0.13**	0.08
Use of Resources		
Total energy consumption *(Note 7)* (MWh)	**268**	165
Energy consumption per employee (MWh/employee)	**1.49**	1.25
Use of Packaging Materials		
Total plastics used *(Note 8)* (kg)	**1,525**	2,719
Plastics used per product (kg/piece)	**0.65**	0.44

Notes:

1. The Group's GHG inventory includes nitrous oxide, carbon dioxide and methane. For ease of reading and understanding, the GHG emissions data is presented in carbon dioxide equivalent (CO_2e). The calculation of GHG emissions is based on the reporting requirements of the "Guidelines for Reporting Environmental Key Performance Indicators" ("Appendix II") provided by Hong Kong Stock Exchange.

2. Scope 2 energy indirect emissions include indirect greenhouse gas emissions from purchased electricity by the Group during the Year. The emission factors used for calculating the GHG emissions of purchased electricity for 2021/22 and 2022/23 are based on the "2020 Sustainability Report" and "2021 Sustainability Report" respectively published by the CLP Power Hong Kong Limited.

3. Scope 3 other indirect emissions covers other indirect emissions outside the Group, including methane gas generation at landfill due to the disposal of paper waste. The emission factors used for calculating GHG emissions of paper waste are sourced from the "Reporting Guidance on Environmental KPIs" issued by Hong Kong Stock Exchange.

4. Based on the actual hazardous waste record of the Group. No hazardous waste are produced in 2022/23.

5. Due to the relocation of head office, the working days of the three centres including the original and new offices are different in the Year. The intensity of hazardous waste produced is calculated by dividing total waste production by the sum of the working days of three centres.

6. The non-hazardous waste generated by the Group, which included only general office garbage, was estimated based on its daily operation situation.

7. Calculated based on the actual energy consumption record of the Group.

8. Calculated based on the actual packaging materials record of the Group.

Social Indicators	2022/23	2021/22
Number of Employees		
By gender		
Male	106	72
Female	74	60
By age group		
Below age 30	52	30
Age 30 to 50	87	75
Above age 50	41	27
By geographic region		
Hong Kong	180	132
By employment type		
Full-time	87	71
Part-time	93	61
Turnover Rate Percentage (Note 1)		
By gender		
Male	39%	130%
Female	31%	137%
By age group		
Below age 30	46%	214%
Age 30 to 50	35%	103%
Above age 50	26%	138%
By geographic region		
Hong Kong	36%	133%
Average Hours of Training per Employee and Percentage of Employees Who Received Training		
By gender		
Male	2 (69%)	3 (63%)
Female	2 (34%)	2 (60%)
By employee category		
Junior	3 (77%)	3 (49%)
Middle	4 (73%)	5 (62%)
Senior	4 (29%)	3 (29%)
Part-time	1 (38%)	2 (75%)
Number of suppliers		
By geographic region		
Mainland China	2	4
Hong Kong	77	75
Overseas (Note 2)	2	2

Notes:

1. Most of the resigned employees are part-time employees for 2021/22.

2. Overseas suppliers include Seoul of Korea and Vasarter of Hungary.

9. APPENDIX: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Summary	Sections	Page/ Explanation
Environment			
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ENVIRONMENTAL PROTECTION Emission Green Operation	30-32
KPI A1.1	The types of emissions and respective emissions data.	KEY PERFORMANCE INDICATORS	39
KPI A1.2	Direct and energy indirect greenhouse gas emissions and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	39
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	39
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	39
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.		No target has been set due to the business nature of the Group.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION Emission	30-31

ESG Indicators	Summary	Sections	Page/ Explanation
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	ENVIRONMENTAL PROTECTION Energy Conservation Green Operation	32
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	KEY PERFORMANCE INDICATORS	39
KPI A2.2	Water consumption in total and intensity.	KEY PERFORMANCE INDICATORS	39
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION Energy Conservation	32
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps are taken to achieve them.	ENVIRONMENTAL PROTECTION Green Operation	32
KPI A2.5	The total packaging material used for finished products and, if applicable, with reference to per unit produced.	KEY PERFORMANCE INDICATORS	39
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	ENVIRONMENTAL PROTECTION Green Operation Responding to Climate Change	32-33
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL PROTECTION Green Operation Responding to Climate Change	32-33
A4 Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact the issuer.	ENVIRONMENTAL PROTECTION Responding to Climate Change	32-33
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	ENVIRONMENTAL PROTECTION Responding to Climate Change	32-33

ESG Indicators	Summary	Sections	Page/ Explanation
Social			
Employment and Labour Practices			
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines Salary and Benefits	33-34
KPI B1.1	Total workforce by gender, employment type, age group, and geographical region.	KEY PERFORMANCE INDICATORS	40
KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	KEY PERFORMANCE INDICATORS	40
B2 Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relative to providing a safe working environment and protecting employees from occupational hazards.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	33
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	35
KPI B2.2	Lost days due to work injury.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	35
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	34-35

ESG Indicators	Summary	Sections	Page/ Explanation
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	EMPLOYMENT AND LABOUR PRACTICES Development and Training	35
KPI B3.1	The percentage of employees trained by gender and employee category.	KEY PERFORMANCE INDICATORS	40
KPI B3.2	The average training hours completed per employee by gender and employee category.	KEY PERFORMANCE INDICATORS	40
B4 Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relative to preventing child and forced labour.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines	33
KPI B4.1	Description of measures to review employment practices to avoid the child and forced labour.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines	33
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines	33
Operating Practices			
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	OPERATING PRACTICES Supply Chain Management	35
KPI B5.1	The number of suppliers by geographical region.	KEY PERFORMANCE INDICATORS	40
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	OPERATING PRACTICES Supply Chain Management	35

ESG Indicators	Summary	Sections	Page/ Explanation
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	OPERATING PRACTICES Supply Chain Management	35
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	OPERATING PRACTICES Supply Chain Management	35
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to health and safety, advertising, labeling, and privacy matters relating to products and services provided and methods of redress.	OPERATING PRACTICES Product and Service Quality Privacy Protection Protecting Intellectual Property	35-36
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	OPERATING PRACTICES Product and Service Quality	35
KPI B6.2	The number of products and service-related complaints received and how they are dealt with.	OPERATING PRACTICES Product and Service Quality	36
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	OPERATING PRACTICES Protecting Intellectual Property	36
KPI B6.4	Description of quality assurance process and recall procedures.	OPERATING PRACTICES Product and Service Quality	35
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	OPERATING PRACTICES Privacy Protection	36

ESG Indicators	Summary	Sections	Page/ Explanation
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to the prevention of bribery, extortion, fraud, and money laundering.	OPERATING PRACTICES Anti-corruption	38
KPI B7.1	The number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	OPERATING PRACTICES Anti-corruption	38
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	OPERATING PRACTICES Anti-corruption	38
KPI B7.3	Description of anti-corruption training provided to directors and staff.	OPERATING PRACTICES Anti-corruption	38 No anti-corruption training has been provided by the Group in the Year.
Community			
B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY INVESTMENT	38
KPI B8.1	Focus areas of contribution.	COMMUNITY INVESTMENT	38
KPI B8.2	Resources contributed to the focus area.		The Group did not contribute any resource this Year to the focus area.

REPORT OF THE DIRECTORS

The Board is pleased to present its annual report together with the audited consolidated financial statements for the year ended 31 March 2023 (the "Financial Year").

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are repair and refurbishment services for mobile phones and personal electronic products as well as sale of related accessories and provision of supportive services. Details of the principal activities of the subsidiaries of the Company are set out in Note 34 to the consolidated financial statements.

ACQUISITIONS AND DISPOSALS

Save as disclosed in the sections headed "Management Discussion and Analysis" ("MD&A") on pages 7 to 11 of this annual report, the Company did not undertake any material acquisitions and disposal of subsidiaries and associates during the Financial Year.

BUSINESS REVIEW

A fair review of the business of the Company as well as discussion and analysis of the Group's performance during the Financial Year, and an indication of likely future developments in the Group's business, as required by Schedule 5 of the Hong Kong Companies Ordinance, can be found in the sections headed "Chairman's Report" and MD&A which set out on pages 4 to 5 and pages 7 to 11 of this annual report respectively. Such discussion forms part of this directors' report.

Description of the principal risks and uncertainties facing the Group can be found throughout this annual report, in particular the Internal Control section under the MD&A and Corporate Governance Report, and the Principal Risks and Uncertainties section of this Directors' Report. The Group did not have any significant event within the Financial Year and up to the date of this annual report. An analysis using financial review is provided in the MD&A. Compliance with relevant laws and regulations which have a significant impact on the Group can be found throughout this annual report, in particular, the Corporate Governance Report.

In addition, discussions on the Group's environmental, social and governance ("ESG") as well as the relationships with the key stakeholders that have a significant impact on the Group are contained in the Directors' Report section and Materiality Assessment section under ESG Report of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To the best of knowledge and belief, the Directors consider that the following are the key risks and uncertainties identified by the Group as at the date of this report.

1. Market Risk

Due to market competition, the Group operates in markets and industries where the regulatory environment promotes competition and consumer protection, such as, most of the electronic devices' suppliers provide after-sales services support to protect their consumer.

2. Technology Risk

2.1 Technology Trends

Technology processes are becoming increasingly critical to the success of organisations objectives, the Company operates requiring for the innovation leads.

2.2 Cyber-security Threat

The Group relies on a sound IT infrastructure and operating environment in supporting all aspects of its business operation, including handling of customer data, personal information and other sensitive commercial data which are susceptible to cyber-security threats.

3. Regulatory and Legal Risk

The Group operates in markets and industries requiring compliance with legal and regulatory standards in various jurisdictions, such as telecommunications, financial investments etc. which exist the risk of non-compliance with Laws and Regulations.

4. Strategic Risk

The current business model envisages growth, whether by way of organic growth or through new business amalgamation or strategic investments, in phone devices maintenances and/or technology sectors.

5. Financial Risk

For financial risk, please refer to the financial risk section under Note 6(b) to the consolidated financial statements.

ENVIRONMENTAL POLICY

The ESG Report of the Company for the year ended 31 March 2023 is set out on pages 27 to 46 of this annual report which elaborates on the various works of the Group in fulfilling the principle of sustainable development and its performance in social responsibilities. The Group is committed to achieve the development of sustainability of communities. An environmental policy has been adopted by the Group for implementation of environmental friendly measures and practices in the operation of the Group's businesses. The Group adheres to the principles of Recycling and Reducing and implements green office practices, e.g. using recycled paper, setting up recycling bins, and double-sided printing and copying.

The Group will review the environmental policy from time to time and will consider implementing further environmental friendly measures and practices in the operation of the Group's businesses.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors recognise that employees, customers, suppliers and business partners are the keys to the sustainable development of the Group, as well as, the Group understands the importance of maintaining good relationship can fulfill its immediate and long-term goals. During the year ended 31 March 2023, there was no material and significant dispute between the Group and its customers and/or suppliers.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 March 2023, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

In relation to human resources, the Group is committed to complying with the requirements of the ordinances relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees.

On the corporate level, the Group complies with the latest requirements under the Companies Law under the laws of Cayman Islands, the Listing Rules, the Companies Ordinance and the SFO under the laws of Hong Kong for, among other things, the disclosure of information and corporate governance, and the Group has adopted the required standard of dealings set out in Model Code as the code of conduct regarding securities transactions by the Directors.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The Group's financial performance and the financial position of the Group for the Financial Year are set out in the consolidated financial statements on pages 71 to 137 of this annual report. No dividend was paid or proposed during the Financial Year, nor has any dividend been proposed since the end of the Reporting Period (2022: nil).

Dividend Policy

The Company has adopted a dividend policy (the "Dividend Policy"). Declaration and recommendation of payment of dividends of the Company is subject to the approval of the Directors, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant from time to time. Any future declaration, recommendation and payment of dividends of the Company may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Directors. The Company does not have any predetermined dividend payout ratio.

The Company has had a consistent dividend payment that balances the objective of appropriately rewarding Shareholders through dividends and to support the future growth. Dividends will generally be declared four times a year at approximately quarterly intervals. In years of exceptional gains or other events, a special dividend may be declared.

The Board will review the Dividend Policy, as appropriate, to ensure the effectiveness of the Dividend Policy. The Audit Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

In order to determine the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from 14 August 2023 to 17 August 2023, both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not later than 4:30 p.m. on 11 August 2023. Shareholders whose names are recorded in the register of members of the Company on 17 August 2023 are entitled to attend and vote at the AGM.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 March 2023 are set out in the consolidated statement of changes in equity and in Note 33 to the consolidated financial statements respectively.

As at 31 March 2023, the Company's reserves available for distribution to Shareholders amounted to approximately HK$64,082,000 (2022: HK$64,734,000) as calculated in accordance with the Companies Law of the Cayman Islands.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group are set out in Notes 17 and 19 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2023 are set out in Note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 138.

SHARE OPTION SCHEME

(I) The following is a summary of principal terms of the Share Option Scheme adopted by the written resolutions of all the Shareholders passed on 2 May 2013 (the "Adoption Date"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The Share Option Scheme remains effective following the Company's transfer of listing to Main Board subject to certain immaterial amendments to the Share Option Scheme and is implemented in full compliance with the requirements of Chapter 17 of the Listing Rules. The Share Option Scheme expired on 1 May 2023.

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best quality personnel for the development of the Group's businesses; to provide additional incentives to the Qualifying Grantees (as defined below); and to promote the long-term financial success of the Group by aligning the interests of option holders to Shareholders.

(2) Participants of the Share Option Scheme

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an option to any Qualifying Grantees as the Board may in its absolute discretion select. "Qualifying Grantee" means:

(i) (1) any employee (whether full-time or part-time employee) and any person who is an officer of any members of the Group or any Affiliates;

(2) any person who is seconded to work for any member of the Group or any Affiliates;

(3) any consultant, agent, representative, adviser, customer, contractor of the Group or any Affiliates;

(4) any business partner/ally/alliance, joint venture partner, supplier of goods or services to the Group or any Affiliates or any employee thereof; or

(collectively the "Eligible Person")

(ii) any trust for the benefit of an Eligible Person or his immediate family members or any company controlled by an Eligible Person or his immediate family members.

"Affiliate" means a company that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company and includes any company which is (a) the holding company of the Company; or (b) a subsidiary of holding company of the Company; or (c) a subsidiary of the Company; or (d) a fellow subsidiary of the Company; or (e) the controlling shareholder of the Company; or (f) a company controlled by the controlling shareholder of the Company; or (g) a company controlled by the Company; or (h) an Associated Company of the holding company of the Company; or (i) an Associated Company of the Company; or (j) Associated Company of controlling shareholder of the Company;

"Associated Company" means a company in the equity share capital of which a company, directly or indirectly, has 20% or greater beneficial interest but excluding the subsidiaries of that company;

"immediate family members" means a spouse or person co-habiting as the spouse of an Eligible Person, and any child or step-child, parent or step-parent, brother, sister, step-brother, step-sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of an Eligible Person;

"officer" means company secretary or director (whether executive or non-executive); and "subsidiary" has the meaning set out in the Listing Rules.

(3) Total number of shares available for issue under the Share Option Scheme together with the percentage of the shares in issue that it represents as at the date of the annual report

The total number of shares available for issue under the Share Option Scheme is 8,014,000 representing approximately 6.24% of the total number of Shares in issue as at the date of this annual report.

(4) Maximum entitlement of each participant under the Share Option Scheme

Unless approved by Shareholders in general meetings of the Company, the total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options):

(i) to each participant in any 12-month period shall not exceed 1% of the number of shares in issue for the time being; and

(ii) a Director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) in any 12-month period shall not exceed 0.1% of the shares in issue and with a value in excess of HK$5 million.

(5) Period within which the Shares must be taken up under an option

The period as the Board may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), which shall be not greater than the period prescribed by the Listing Rules from time to time (which is, as at the date of this annual report, a period of 10 years from the date of the granting of the option).

(6) Minimum period for which an option must be held before it can be exercised

Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(7) Amount payable on acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

(i) Amount payable on acceptance of the option: HK$1

(ii) The period within which payments or calls must or may be made or loans of such purposes must be repaid:

21 days after the offer date of an option or such shorter period as the Directors may determine

(8) Basis of determining the subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the granting of the option;

(ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of the granting of the option; and

(iii) the nominal value of a share.

(9) Remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further share option will be granted. The Share Option Scheme expired on 2 May 2023.

(II) Details of Share Options Granted

On 7 July 2015, share options to subscribe for a total of 1,426,000 ordinary shares of HK$0.1 each of the Company were granted under the Share Option Scheme. The exercise period has been expired on 7 July 2018.

On 6 July 2017, share options to subscribe for a total of 2,560,000 ordinary shares of HK$0.1 each of the Company were granted under the Share Option Scheme. The shares which may be issued upon exercise of such share options by a grantee shall be subject to a non-disposal period of 90 days (including the exercise date) from the relevant exercise date of the share options, during which period the option shares are not allowed to be transferred. The exercise period has been expired on 6 July 2019.

No share option lapsed or was granted, exercised or cancelled by the Company under the Share Option Scheme during the year ended 31 March 2023 and there were no outstanding share options under the Share Option Scheme as at 31 March 2023, and/or up to the date of this report.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 34 to the consolidated financial statements.

DIRECTORS

The Directors who held office during the year ended 31 March 2023 and up to the date of this annual report were:

Non-executive Directors

Mr. CHEUNG King Shek *(chairman)*
Mr. CHEUNG King Shan
Mr. CHEUNG King Chuen Bobby, *MH*

Executive Directors

Mr. CHEUNG King Fung Sunny *(chief executive officer)*

Independent Non-executive Directors

Mr. FONG Ping, *BBS, JP*
Ms. KWOK Yuen Man Marisa
Mr. TSO Ka Yi

By virtue of Article 108(a) of the Articles of Association, Messrs. CHEUNG King Shek, CHEUNG King Shan, CHEUNG King Chuen Bobby and Ms. KWOK Yuen Man Marisa will retire and being eligible, will offer themselves for re-election at the forthcoming AGM.

As at 31 March 2023, no Director proposed for re-election at the forthcoming AGM had 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. The biographical details of the Directors are set out on pages 12 to 14 of this annual report.

UPDATE ON DIRECTOR'S AND CHIEF EXECUTIVE'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed above, there is no other information required to be disclosed under the Listing Rules.

CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the existing independent non-executive Directors ("INEDs"), an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all the INEDs are independent and at least one of them has appropriate professional qualifications or accounting or related financial management expertise in accordance with Rule 3.10(2) of the Listing Rules.

DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

The executive Director has entered into a service agreement with the Company for an indefinite term commencing from 30 April 2013 until terminated by not less than three months' notice in writing to the other party and subject to the early termination provisions contained therein.

Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company, and is appointed for a fixed term of three years subject to early removal from office in accordance with the Articles of Association, and retirement and re-election provisions in the Articles of Association.

Save as disclosed above, none of the Directors (including those proposed for re-election at the AGM) has or is proposed to have a service agreement or an appointment letter with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed, no transaction, arrangement or contract of significance to which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, either directly or indirectly, subsisted at the end of the year ended 31 March 2023 or at any time during the reporting period.

DEED OF NON-COMPETITION

In accordance with the non-competition undertakings set out in the deed of non-competition dated 10 May 2013 ("Deed of Non-competition") entered into by East-Asia Pacific Limited ("East-Asia"), Amazing Gain Limited ("Amazing Gain"), the Cheung Brothers and J. Safra Sarasin Trust Company (Singapore) Limited (trustee of the Cheung Family Trust) (collectively, the "Controlling Shareholders") regarding certain non-competition undertakings given by the Controlling Shareholders in favour of the Company (for itself and for the benefit of each of the members of the Group) that, save and except the exceptional circumstances, the Controlling Shareholders have undertaken to the Company that they shall not carry on any business which is in competition with the business of the Group, the principal terms of which are set out in the paragraph headed "Deed of Non-competition" under the section headed "Relationship with Controlling Shareholders and Telecom Digital Group" of the Prospectus.

The following corporate governance measures have been adopted to monitor the compliance of the Deed of Non-competition during the year ended 31 March 2023:

(i) The Controlling Shareholders have confirmed that they have complied with the undertakings for the year ended 31 March 2023.

(ii) The Controlling Shareholders also confirmed that none of them had any interest in a business, other than business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 March 2023.

(iii) The independent non-executive Directors have reviewed the annual declaration of the Controlling Shareholders as referred to (i) and (ii) above as part of their annual review process.

(iv) The Company, as part of its business planning and development function, constantly monitors the trend of and business opportunities in the market in which the Group operates, and is familiar with the existing and potential players and competitors in the market. The Company is not aware of any situation which indicates that any of the Controlling Shareholders have breached the undertakings for the year ended 31 March 2023.

In view of the above, the INEDs are satisfied that the undertakings were complied with by the Controlling Shareholders for the year ended 31 March 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2023, none of the Directors or their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out on pages 12 to 14 of this annual report.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in Note 14 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2023, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

(a) Long Position in the Ordinary Shares of the Company

Name of Director(s)	Capacity/Nature of interest	Number of issued Shares held	Percentage of the issued share capital *Note A*
CHEUNG King Shek	Beneficial owner	6,528,000	5.09%
	Beneficiary of a trust *Note B*	66,000,000	51.43%
CHEUNG King Shan	Beneficial owner	6,484,000	5.05%
	Beneficiary of a trust *Note B*	66,000,000	51.43%
CHEUNG King Chuen Bobby	Beneficial owner	6,748,000	5.26%
	Beneficiary of a trust *Note B*	66,000,000	51.43%
CHEUNG King Fung Sunny	Beneficial owner	7,362,000	5.74%
	Beneficiary of a trust *Note B*	66,000,000	51.43%

(b) Long position in the shares of associated corporations

Amazing Gain is one of the controlling shareholders of the Company and the Group's holding. The companies listed in the table below (apart from Amazing Gain) are subsidiaries of Amazing Gain. Therefore, Amazing Gain and the rest of the companies listed in the table below are associated corporations of the Company under the SFO. Each of the Cheung Brothers is deemed to have interests in the said associated corporations under the SFO.

Name of associated corporations	Capacity	Number of shares/ Amount of share capital	Approximate percentage of interests
Amazing Gain Limited	Beneficiary of a trust *Note B*	100	100%
East-Asia Pacific Limited ("East-Asia")	Beneficiary of a trust *Note B*	6	100%
Telecom Service Limited	Beneficiary of a trust *Note B*	2,000,000	100%
H.K. Magnetronic Company Limited	Beneficiary of a trust *Note B*	50,000	100%
Oceanic Rich Limited	Beneficiary of a trust *Note B*	10,000	100%
Glossy Investment Limited	Beneficiary of a trust *Note B*	10,000	100%
Glossy Enterprises Limited	Beneficiary of a trust *Note B*	10,000	100%
Txtcom Limited	Beneficiary of a trust *Note B*	100	100%
Telecom Properties Investment Limited	Beneficiary of a trust *Note B*	24	100%
Telecom Digital Limited (incorporated in Macau)	Beneficiary of a trust *Note B*	MOP100,000	100%
Hellomoto Limited	Beneficiary of a trust *Note B*	1,000	100%
Marina Trading Inc.	Beneficiary of a trust *Note B*	1	100%
Telecom Digital Limited	Beneficiary of a trust *Note B*	2	100%
Silicon Creation Limited	Beneficiary of a trust *Note B*	100	100%
Kung Wing Enterprises Limited	Beneficiary of a trust *Note B*	1,000,000	100%
東莞恭榮房地產管理服務有限公司	Beneficiary of a trust *Note B*	US$1,500,000	100%

Note A: The calculation is based on 128,342,000 Shares (total issued shares of the Company) as at 31 March 2023.

Note B: 66,000,000 ordinary shares of the Company (representing approximately 51.43% of the issued Shares) were held by East-Asia, East-Asia is a wholly-owned subsidiary of Amazing Gain. The sole shareholder of Amazing Gain is Asia Square Holdings Limited, which holds the shares in Amazing Gain as nominee for J. Safra Sarasin Trust Company (Singapore) Limited (trustee of the Cheung Family Trust). The Cheung Brothers are the beneficiary owner of the Cheung Family Trust, and the directors of East-Asia. Therefore, each of the Cheung Brothers is deemed to be interested in the shares of the Companies (shown in the table above) which held by the Cheung Family Trust under the SFO.

Save as disclosed above, as at 31 March 2023, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2023, the following persons (other than a Director or the chief executive of the Company)/entities had interests and short positions in the Shares and underlying Shares as recorded in the register of interests of the substantial shareholders required to be kept by the Company pursuant to Section 336 of the SFO (the "Substantial Shareholders' Register"), or to be disclosed under the Part XV of the SFO and the Listing Rules:

Long Position

Name of substantial shareholders	Capacity/Nature of interest	Number of shares held	Approximate percentage of shares in issue Note A
East-Asia Pacific Limited Note B	Beneficial owner	66,000,000	51.43%
Amazing Gain Limited Note B	Interest of controlled corporation	66,000,000	51.43%
J.Safra Sarasin Trust Company (Singapore) Limited Note B	Trustee (other than a bare trustee)	66,000,000	51.43%
Ms. TANG Fung Yin Anita Note C	Interest of spouse	72,484,000	56.48%
Ms. YEUNG Ho Ki Note C	Interest of spouse	73,362,000	57.16%

Note C: Ms. TANG Fung Yin Anita and Ms. YEUNG Ho Ki, spouse of Messrs. CHEUNG King Shan and Mr. CHEUNG King Fung Sunny respectively, in which are deemed to be interested in the Shares held by Messrs. CHEUNG King Shan and Mr. CHEUNG King Fung Sunny under the SFO.

Save as disclosed above, as at 31 March 2023, the Directors were not aware of any persons (other than Directors or chief executives of the Company) who/entities which had any interests and short positions in the Shares and underlying Shares, which were recorded in the Substantial Shareholders' Register, or to be disclosed under the Part XV of the SFO and the Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the year ended 31 March 2023 was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Financial Year and up to the date of this report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Cap. 622)) which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has also arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

EQUITY-LINKED AGREEMENT

Save as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Financial Year or subsisted at the end of the reporting period.

EVENTS AFTER THE REPORTING PERIOD

Except for disclosed elsewhere in this report, there were no significant events after the reporting period.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2023, the Group's top five customers accounted for approximately 52.0% of the revenue. The top five suppliers accounted for approximately 99.4% of the cost of inventories recognised as expenses for the year. In addition, the Group's largest customer accounted for approximately 25.4% of the revenue and the Group's largest supplier accounted for approximately 84.6% of the cost of inventories recognised as expenses for the year.

For the year ended 31 March 2023, none of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the shares of the Company in issue) had any interest in these major customers and suppliers.

Save as disclosed above, none of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the number of the Shares in issue) had any interest in these major customers and suppliers for the year ended 31 March 2023.

RELATED PARTY TRANSACTIONS, CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The related party transactions of the Group for the year ended 31 March 2023 are set out in Note 31 to the consolidated financial statements. Other than disclosed below in Note 31 to the consolidated financial statements, the related party transactions of the Group did not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules.

In respect of the Group's continuing connected transactions (as defined in the Listing Rules) (the "Continuing Connected Transactions") and connected transactions, the Company has complied with the disclosure requirements under the Listing Rules in force from time to time.

TSO entered into the separate individual services agreements with Telecom Digital Data Limited ("TDD"), Telecom Digital Services Limited ("TDS"), Telecom Services Network Limited ("TSN"), Distribution One Limited ("D1") and Onbo International Limited ("OIL") (collectively "TDHL Group", wholly-owned subsidiaries of TDHL), entered into separate individual service agreements in respect of the (a) provision of repair and refurbishment services for pagers by TSO to TDD; (b) provision of logistic services to TSO by TSN; (c) provision of repair and refurbishment services for a brand of mobile phones by TSO to D1; (d) provision of grading and refurbishment services for used mobile phones by TSO to TDS; (e) leasing of a property and provision of building management service by to OIL to TSO; and (f) consignment of accessories for mobile phones and personal electronic products of TSO by TDS, respectively, the respective transactions with TDHL Group for a term of one year from 1 April 2022 to 31 March 2023 amounted to HK$2,429,000. As the aggregate transactions amount for the year ended 31 March 2023 was less than 5% and below HK$3,000,000, the transactions with TDHL Group were exempted from announcement disclosure under Chapter 14A of the Listing Rules.

With reference to the announcement of the Company dated 31 March 2023, the annual cap for a term of one year from 1 April 2023 to 31 March 2024, for the above-mentioned transactions with TDHL Group is fixed to HK$4,520,000.

TDHL is indirectly owned by the Cheung Family Trust as to 54.49% which indirectly holds 51.43% of the shares of the Company in issue, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the below transactions constitute continuing connected transactions for the Company.

(a) Provision of repair and refurbishment services for pagers by TSO to TDD

TSO has been providing repair and refurbishment services for pagers to TDD since 2013. The service fees charged by TSO shall be fair and reasonable and shall be based on normal commercial terms and on an arm's length basis. The service fees are calculated on a "per device" basis and are determined by TSO and TDD on a cost-plus basis. TSO estimated the cost primarily comprising (i) the labour costs and overhead costs with reference to the complexity and time of work processes required in the repair and refurbishment; (ii) the number of work orders; (iii) the number of staff required and their salaries and (iv) the rental and overhead of the requested work space in the relevant workshops and service centre. After arriving at an estimated cost, TSO added a mark-up in the range of the then prevailing mark-ups charged by TSO to independent third parties for comparable repair and refurbishment services.

The repair and refurbishment service fees for pagers paid by the TDD to TSO for the year ended 31 March 2023 was approximately HK$742,000.

(b) Provision of logistic services to TSO by TSN

TSN has been providing logistic services for delivery of goods (for example, defective devices for repair and refurbishment) between the office, service centers and collection points of TSO. The fees charged by TSN are on a "per delivery" and "quantity of goods" basis. The Group will consult with no less than two popular independent logistics services providers for quotations and market transaction prices of the same type of services.

The logistics service fees paid by TSO to TSN for the year ended 31 March 2023 was approximately HK$905,000.

(c) Provision of repair and refurbishment services for a brand of mobile phones by TSO to D1

TSO has been providing repair and refurbishment services for a brand of mobile phones to D1. The service fees shall be determined at arm's length negotiation between the parties on a cost-plus basis and are calculated on a "per mobile phone" basis. The Group estimated the cost primarily comprising (i) the labour costs and overhead costs, with reference to the complexity and time of work processes required in the repair and refurbishment; (ii) the number of work orders; (iii) the number of staff required and their salaries and (iv) the rental and overhead of the requested work space in the relevant workshops and service centre. After arriving at an estimated cost, the Group added a mark-up in the range of the then prevailing mark-ups charged by TSO to independent third parties for comparable repair and refurbishment services.

The amount of repair and refurbishment services fees for a brand of mobile phones paid by D1 to TSO for the year ended 31 March 2023 was approximately HK$281,000.

(d) Provision of grading and refurbishment services for used mobile phones by TSO to TDS

TSO has been providing grading and refurbishment services for used mobile phones trade-in by TDS. The service fees shall be determined at arm's length negotiation between the parties on a cost-plus basis and are calculated on a "per mobile phone" basis. The Group estimated the cost primarily comprising (i) the labour costs and overhead costs, with reference to the complexity and time of work processes required in the repair and refurbishment; (ii) the number of work orders; (iii) the number of staff required and their salaries and (iv) the rental and overhead of the requested work space in the relevant workshops and service centre. After arriving at an estimated cost, the Group added a mark-up in the range of the then prevailing mark-ups charged by TSO to independent third parties for comparable grading and refurbishment services.

The amount of grading and refurbishments services fees paid by TDS to TSO for the year ended 31 March 2023 was approximately HK$82,000.

(e) Leasing of a property and provision of building management services by OIL to TSO

OIL as landlord will continue to lease the Property to TSO as repair and refurbishment services centre and provide the building management services to TSO directly for a term of one year commencing from 1 April 2023 and expiring on 31 March 2024. The rental was determined with reference to the prevailing market rent of comparable properties in nearby location. The building management fee of the Property is HK$36,660 which will be paid on a monthly basis from TSO to OIL. The building management fee shall be determined at arm's length negotiation between the parties on a cost-plus basis and are calculated with reference to the estimated labour and overhead costs to be incurred by OIL to maintain the building management services. TSO paid the monthly rental and building management fee in accordance with the tenancy agreement and in the same manner as the tenancy agreement with independent third parties.

During the term of the rental period, the parties shall provide reasonable estimates of the transaction amount (including total rental amount and building management fee involved in the leases entered into under the tenancy agreement each year (if applicable)) for the following year on the basis of the properties supply plan to be agreed between the parties at the same time. The estimated rent and building management fee shall be determined by both parties through negotiation by reference to the prevailing market rates of comparable properties in the vicinity of the leased property.

Address	Usage	Term	Monthly rent HK$	Monthly building management fee HK$
8/F, 58 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong	Services centre	1 January 2023 – 31 March 2023	139,308	–
		1 April 2023 – 31 March 2024	139,308	36,660

The total rental received by OIL from TSO for the year ended 31 March 2023 was approximately HK$418,000.

(f) Consignment of accessories for mobile phones and personal electronic products of TSO by TDS

For the year ended 31 March 2023, TDS has allowed TSO to sell the accessories for mobile phones and personal electronic products of certain brands at retail shops of the Group on a consignment basis in consideration of a consignment fee. The consignment fee, which is calculated on a fixed percentage of the selling prices of the consigned goods, shall be paid by TSO to TDS for the consignment arrangement. Such consignment fee shall be determined at arm's length negotiation between TSO and TDS after taking reference to the consignment fees, which are also calculated on fixed percentages of the selling prices of the consigned goods, charged by the Group to independent third parties which sell their comparable consigned goods on the online platform of the Group; and if there are no comparable consigned goods, the gross profit margins of the sales of comparable products by the Group on its online shopping platform would be taken.

The consignment fees received by TDS from TSO for the year ended 31 March 2023 was approximately HK$1,000.

(A) Confirmation of Independent Non-executive Directors

The Audit Committee, comprising three independent non-executive Directors, has reviewed the connected transactions and confirmed that the same had been entered into by the Group:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(iii) in accordance with the terms of the agreements governing such transactions that were fair and reasonable and in the interests of the Shareholders as a whole.

(B) Confirmation from Auditor of the Company

The Company's independent auditor was engaged to report on the Continuing Connected Transactions, in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and by reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor has issued a letter containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group in Note 31 to the consolidated financial statements in accordance with Rule 14A.56 of the Listing Rules. A copy of the independent auditor's letter has been provided by the Company to the Stock Exchange. The information in relation to the Continuing Connected Transactions entered into during the Year is set out in Note 31 to the consolidated financial statements.

The Company's independent auditor has confirmed that all of the Continuing Connected Transactions (a) had been approved by the Board; (b) were in accordance with the pricing policies of the Group, where applicable; (c) had been entered into in accordance with the terms of the agreements governing the transactions; and (d) had not exceeded the respective cap amounts in respect of each of the Continuing Connected Transactions.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 15 to 26 of this annual report. The Directors believe the long-term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long-term objectives.

LEGAL PROCEEDINGS

As at 31 March 2023, none of the members of the Group was involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against any member of the Group.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2023 and up to the date of this annual report, the Company has maintained the public float required by the Listing Rules.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2023 are set out in Note 29 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

As at 31 March 2023, none of the members of the Group was involved in any bank loans or borrowings.

FIVE YEARS FINANCIAL SUMMARY

An analysis of the results and of the assets and liabilities of the Group using financial key performance indicators is set out in the five years financial summary on page 138 of this annual report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2023 have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is to be proposed at the AGM.

By Order of the Board
CHEUNG King Shek
Chairman

Hong Kong, 27 June 2023

INDEPENDENT AUDITOR'S REPORT

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF TELECOM SERVICE ONE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Telecom Service One Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 71 to 137, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

VALUATION OF TRADE RECEIVABLES

Refer to Note 22 to the consolidated financial statements and the accounting policies on pages 82 to 87.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2023, the Group has outstanding trade receivables of HK$6,779,000. No expected credit loss ("ECL") was recognised as at 31 March 2023. Management performed periodic assessment on the ECL of the trade receivables and the sufficiency of provision for impairment based on information including ageing of the trade receivables, historical settlement records, expected timing and amount of realisation of outstanding balances, and ongoing trading relationships with the relevant customers. Management also considered forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the ECL. We have identified assessment of ECL of trade receivables as a key audit matter because the assessment of trade receivables under the ECL model involved the use of significant degree of management judgement and may be subject to management bias.	Our audit procedures were designed to review the management's assessment of ECL model and challenge the reasonableness of the methods and assumptions used to estimate ECL of trade receivables. We have assessed the elements of the ECL model which affect by judgements and estimates, including the credit risk characteristic, the ageing of trade receivables and forward looking information. We have assessed the reasonableness of management's loss allowance which was based on provision matrix. We have examined the information used by management to form such judgements, including evaluating whether the historical loss rates in the past years are appropriately adjusted based on forward looking factors and examining the actual losses recorded and assessing whether there was an indication of management bias when recognising loss allowances.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kwan Chi Fung.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614

Hong Kong
27 June 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	NOTES	2023 HK$'000	2022 HK$'000
Revenue	7	**51,381**	34,757
Cost of sales		**(39,996)**	(21,322)
Gross profit		**11,385**	13,435
Other income and gains	9	**3,973**	3,511
Other operating expenses, net	10	**(4,185)**	(2,158)
Administrative expenses		**(13,569)**	(13,168)
Impairment losses on property, plant and equipment	17	**(2,399)**	–
Impairment losses on investment properties	19	**(2,098)**	–
Loss on changes in fair value of financial assets at fair value through profit or loss ("FVTPL")		**(432)**	(2,019)
Finance cost	11	**(33)**	(67)
Loss before tax		**(7,358)**	(466)
Income tax credit (expense)	12	**243**	(541)
Loss for the year	13	**(7,115)**	(1,007)
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Remeasurement of long service payment obligations		**(167)**	242
Total comprehensive expense for the year		**(7,282)**	(765)
Loss per share (HK$)			
Basic and diluted	16	**(0.0554)**	(0.0078)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	*17*	**29,922**	34,181
Right-of-use assets	*18*	**1,344**	4,031
Investment properties	*19*	**21,800**	24,883
Deferred tax asset	*26*	**495**	276
Rental deposit	*22*	**–**	498
		53,561	63,869
Current assets			
Inventories	*20*	**6,201**	2,043
Financial assets at FVTPL	*21*	**13,984**	15,972
Trade and other receivables	*22*	**10,466**	9,577
Amounts due from related companies	*31a*	**78**	128
Tax recoverable		**23**	770
Pledged bank deposits	*23*	**201**	201
Bank balances and cash	*23*	**4,593**	4,487
		35,546	33,178
Current liabilities			
Trade and other payables	*24*	**6,937**	4,887
Lease liabilities	*18*	**1,489**	2,953
Amount due to a related company	*31b*	**160**	35
		8,586	7,875
Net current assets		**26,960**	25,303
Total assets less current liabilities		**80,521**	89,172

At 31 March 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Lease liabilities	18	–	1,489
Other payables	24	189	189
Deferred tax liability	26	56	81
Long service payment obligations	25	243	98
		488	1,857
Net assets		80,033	87,315
Capital and reserves			
Share capital	27	12,834	12,834
Reserves		67,199	74,481
Total equity		80,033	87,315

The consolidated financial statements on pages 71 to 137 were approved and authorised for issue by the board of directors on 27 June 2023 and are signed on its behalf by:

CHEUNG King Shek
Director

CHEUNG King Fung Sunny
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 *(Note)*	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
1 April 2021	12,834	36,900	70	(26)	46,003	95,781
Loss for the year	–	–	–	–	(1,007)	(1,007)
Remeasurement of long service payment obligations	–	–	–	–	242	242
Total comprehensive expense for the year	–	–	–	–	(765)	(765)
Payment of dividends *(Note 15)*	–	–	–	–	(7,701)	(7,701)
At 31 March 2022 and 1 April 2022	12,834	36,900	70	(26)	37,537	87,315
Loss for the year	–	–	–	–	(7,115)	(7,115)
Remeasurement of long service payment obligations	–	–	–	–	(167)	(167)
Total comprehensive expense for the year	–	–	–	–	(7,282)	(7,282)
At 31 March 2023	12,834	36,900	70	(26)	30,255	80,033

Note:

During the year ended 31 March 2014, Telecom Service One Holdings Limited (the "Company") acquired 100% of equity interest in Telecom Service One (Macau) Limited ("TSO Macau") from East-Asia Pacific Limited, the immediate holding company of the Company. The acquisition was accounted for using merger accounting. Other reserve represents the difference between the issued share capital of TSO Macau and the consideration paid for acquiring it.

In addition, other reserve represents the difference between the nominal value of the issued capital of Telecom Service One Investment Limited ("TSO BVI") and its subsidiaries acquired pursuant to a group reorganisation over the consideration paid by the Company during the year ended 31 March 2013.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
OPERATING ACTIVITIES		
Loss before tax	(7,358)	(466)
Adjustments for:		
Allowance for inventories	143	20
Bank interest income	(3)	(46)
Interest income from financial assets at FVTPL	(262)	(1,848)
Dividend income from financial assets at FVTPL	(301)	(96)
Written off of trade receivables	56	–
Impairment losses on property, plant and equipment	2,399	–
Impairment losses on investment properties	2,098	–
Depreciation of property, plant and equipment	3,269	1,887
Depreciation of right-of-use assets	2,687	2,438
Depreciation of investment properties	985	654
Gain on lease modification	–	(18)
Finance costs	33	67
Loss on changes in fair value of financial assets at FVTPL	432	2,019
Gain on disposal of financial assets at FVTPL	(222)	(46)
Government grants	(1,674)	(51)
Long service payment obligations	70	286
Reversal of allowance for inventories	(8)	(36)
Operating cash flows before movements in working capital	2,344	4,764
Increase in inventories	(4,293)	(1,353)
Increase in trade and other receivables	(452)	(2,685)
Decrease in amounts due from related companies	50	45
Increase in trade and other payables	1,982	2,155
Increase in amount due to a related company	125	35
Payments for long service payment obligations	(92)	–
Cash (used in) generated from operations	(336)	2,961
Hong Kong Profits Tax refund (paid)	746	(1,328)
NET CASH FROM OPERATING ACTIVITIES	410	1,633

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,341)	(35,631)
Purchase of investment properties	–	(25,537)
Acquisition of financial assets at FVTPL	–	(64,500)
Proceeds from disposal of financial assets at FVTPL	1,778	46,555
Dividend received	301	96
Interest received	270	1,889
NET CASH FROM (USED IN) INVESTING ACTIVITIES	1,008	(77,128)
FINANCING ACTIVITIES		
Repayments of lease liabilities	(2,953)	(2,029)
Interest paid on lease liabilities	(33)	(67)
Government grants received	1,674	51
Dividends paid	–	(7,701)
NET CASH USED IN FINANCING ACTIVITIES	(1,312)	(9,746)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	106	(85,241)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,487	89,728
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	4,593	4,487

1. GENERAL

Telecom Service One Holdings Limited (the "Company") is a company incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 3 August 2012 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 3997). The address of the registered office of the Company is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The principal place of business of the Company is at Unit C, 3/F, Sunshine Kowloon Bay Cargo Centre, 59 Tai Yip Street, Kowloon Bay, Kowloon, Hong Kong.

The directors of the Company consider the immediate holding company is East-Asia Pacific Limited ("East-Asia"), which is incorporated in the British Virgin Islands (the "BVI") and indirectly wholly-owned by the Cheung Family Trust ultimately.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are set out in Note 33.

The functional currency of the Company is Hong Kong dollars ("HK$") while the functional currencies for certain subsidiaries are Macau Patacas ("MOP"). For the purpose of presenting the consolidated financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") adopted HK$ as its presentation currency which is the same as the functional currency of the Company.

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

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 April 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 Cycle

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after date to be determined.

The directors of the Company anticipate that, except as described below, the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

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

The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments 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 supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. 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.

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

New and amendments to HKFRSs issued but not yet effective (Continued)

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

Guidance and examples were provided to explain and demonstrate the application of the "four-step materiality process" described in HKFRS Practice Statement 2. The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 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 HKAS 8 is retained with additional clarifications.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period, with earlier application permitted.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 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 HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Upon the application of the amendments, the Group will recognise 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.

As at 31 March 2023, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to approximately HK$1,344,000 and HK$1,489,000 respectively. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The Group is still in the process of assessing the full impact of the application of the amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, at the end of each reporting period.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The significant accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has:

- the power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company.

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

Property, plant and equipment

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

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

Investment properties

Investment properties are property held to earn rentals and/or for capital appreciation.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

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

If an investment property becomes an owner-occupied property when there is a change in use, as evidenced by commencement of owner-occupation, the carrying amount of that property at the date of transfer is the deemed cost for subsequent accounting for that property as an item of property, plant and equipment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash, as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income and gains" line item (Note 9).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the 'loss on changes in fair value of financial assets at FVTPL' line item. Fair value is determined in the manner described in Note 6(c).

A financial asset is held for trading if:

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

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

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated by using a provision matrix based on the credit risk characteristic and the ageing of trade receivables. The Group considers the historical credit loss rates in the past years and adjusted for forward looking factors and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 6 months past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Write-off policy

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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 party.

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

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

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

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

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

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties and discounts.

The Group recognised revenue from the following major sources:

- provision of repairing service; and
- sales of accessories and provision of supportive services.

Provision of repairing services

Revenue from provision of repairing services is recognised at the point when the services were rendered.

Sale of accessories

Revenue from sale of accessories is recognised at the point when the control of the accessories is transferred to the customers (generally on delivery of the accessories).

Provision of supportive services

Revenue from provision of supportive services is recognised at the point when the services were rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Provision of supportive services (Continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Other income

Handling income, management fee income and storage income are recognised when services are rendered.

Leasing

Definition of a lease

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

The Group as lessee

For contracts entered into or modified on or after the date of initial application of HKFRS 16, the Group assesses whether a contract is or contains a lease, at inception of the contract or modification date. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) when a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Lease modification

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Government grants

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

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

Employee benefits

Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and other defined contribution retirement schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Employment Ordinance long service payments

For long service payment, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in consolidated statement of financial position with a charge or credit recognised in other comprehensive income in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net long service payment liability. Components of long service payment obligation are service cost in profit or loss; net interest on the net long service payment liability or asset in profit or loss; and remeasurements of net long service payment liability or asset in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

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

On the deregistration of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Current and deferred tax are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees under share option scheme

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited or cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Fair value measurement

When measuring fair value except for the Group's net realisable value of inventories and value in use of property, plant and equipment and right-of-use assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its high and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the 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.

The followings 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.

Estimated allowance for inventories

The management of the Group reviews an ageing analysis at the end of the reporting period and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. As at 31 March 2023, the carrying amount of inventories of the Group was HK$6,201,000 (2022: HK$2,043,000), net of allowance for inventories of HK$776,000 (2022: HK$641,000).

Impairment of trade receivables

The Group uses judgement in making assumptions and selecting the inputs to the ECL model, based on the ageing of trade receivables as well as the Group's historical loss rates and forward looking factors at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. The ECL on trade receivables is assessed collectively by using a provision matrix with appropriate groupings. As at 31 March 2023, the carrying amount of trade receivables of the Group was HK$6,779,000 (2022: HK$6,824,000). No impairment loss provision was recognised as at 31 March 2023 (2022: nil).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment assessment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 March 2023, the carrying amounts of property, plant and equipment and right-of-use assets were approximately HK$29,922,000 (2022: HK$34,181,000) and HK$1,344,000 (2022: HK$4,031,000) respectively, net of accumulated impairment loss of HK$2,399,000 (2022: nil) and nil (2022: nil) respectively.

Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in Note 17.

Impairment assessment of investment properties

The Group determines whether the investment properties are impaired whenever there is indication of impairment presented. The impairment loss for investment properties are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of investment properties have been determined based on higher of the fair value less costs of disposal and value-in-use calculations. These calculations require the use of judgements and estimations.

As at 31 March 2023, the carrying amount of investment properties was HK$21,800,000 (2022: HK$24,883,000), net of accumulated impairment loss of HK$2,098,000 (2022: nil).

Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and investment properties and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

As at 31 March 2023, there were no changes on the estimated useful lives after performing annual assessment and the related depreciation of the property, plant and equipment and investment properties with carrying amounts of HK$29,922,000 (2022: HK$34,181,000) and HK$21,800,000 (2022: HK$24,883,000) respectively.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of pledged bank deposits and bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 HK$'000	2022 HK$'000
Financial assets		
At amortised cost	**15,198**	14,754
At FVTPL	**13,984**	15,972
Financial liabilities		
At amortised cost	**6,526**	4,351

(b) Financial risk management objectives and policies

The Group's major financial instruments include rent deposit, financial assets at FVTPL, trade and other receivables, amounts due from related companies, pledged bank deposits, bank balances and cash, trade and other payables and amount due to a related company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

Currency risk

The Group has foreign currency sales and purchases, which expose the Group to foreign currency risk. During the year ended 31 March 2023, 13% (2022: 36%) of the Group's sales and 12% (2022: 34%) of total net purchase are denominated in United States dollars ("US$") which is different from the functional currencies of the group entities carrying out the transactions.

Also, certain trade and other receivables, bank balances and cash and trade and other payables are denominated in US$ and Renminbi ("RMB") which are currencies other than the functional currencies of the relevant group entities. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
US$	**4,785**	5,017	**279**	292
RMB	**2**	2	**–**	–

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis
The Group is mainly exposed to US$.

No sensitivity analysis was prepared for US$ as the financial assets and liabilities denominated in US$ are mainly held by the subsidiaries with HK$ as the functional currency and HK$ is pegged to US$.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits for the years ended 31 March 2023 and 2022. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances carried at prevailing market rates.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market rates arising from the Group's bank balances denominated in HK$, US$, RMB and MOP.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the net exposure to interest rates for non-derivative instruments at the end of reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 50 basis points (2022: 50 basis points) 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.

If interest rates had been 50 basis points (2022: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2023 would increase/decrease by HK$2,000 (2022: HK$4,000).

Other price risk

The Group is exposed to price risk through its investments held by the Group classified as financial assets at FVTPL. The management manages this exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of the investments. For equity securities measured at FVTPL, the Group's equity price risk is mainly concentrated on equity instruments operating in financial industry sector quoted in the Stock Exchange of Hong Kong Limited.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2022: 10%) higher/lower, post-tax profit for the year ended 31 March 2023 would increase/decrease by HK$1,168,000 (2022: HK$1,334,000) as a result of the changes in fair value of financial assets at FVTPL.

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from bank balances and cash, trade and other receivables and amounts due from related companies.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The ECL on trade receivables are assessed by using a provision matrix based on credit risk characteristic and the ageing of trade receivables. The Group considers the historical loss rates in the past years and adjusts for forward looking factors in calculating the expected credit loss rates. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables and deposits and amounts due from related companies, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered amounts due from related companies to be low credit risk and thus the impairment provision recognised during the year was limited to 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increase in credit risk on other financial instruments of the debtor

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk

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

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	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

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Internal credit rating	12-month or lifetime ECL	As at 31 March 2023 Gross carrying amount HK$'000	As at 31 March 2023 Loss allowance HK$'000	As at 31 March 2023 Net carrying amount HK$'000	As at 31 March 2022 Gross carrying amount HK$'000	As at 31 March 2022 Loss allowance HK$'000	As at 31 March 2022 Net carrying amount HK$'000
Trade receivables	N/A	Lifetime ECL (simplified approach)	6,779	–	6,779	6,824	–	6,824
Other receivables	Performing	12-month ECL	48	–	48	175	–	175
Deposit	Performing	12-month ECL	3,499	–	3,499	2,939	–	2,939
Amounts due from related companies	Performing	12-month ECL	78	–	78	128	–	128
Pledged bank deposits	*(Note)*	12-month ECL	201	–	201	201	–	201
Bank balances and cash	*(Note)*	12-month ECL	4,593	–	4,593	4,487	–	4,487

Note: The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 32% (2022: 56%) of the total trade receivables at 31 March 2023 was due from the Group's largest customer.

The Group has concentration of credit risk as 91% (2022: 89%) of the total trade receivables at 31 March 2023 was due from the Group's five largest customers.

The Group's concentration of credit risk by geographical locations is in Hong Kong, which accounted for 100% of the total trade receivables as at 31 March 2023 and 2022.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity date for non-derivative financial liabilities are based on the agreed repayment dates.

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

	At 31 March 2023				
	Within one year or on demand HK$'000	After one year but within two years HK$'000	After two years but within five years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and other payables	6,177	–	–	6,177	6,177
Amount due to a related company	160	–	–	160	160
Other payables	–	189	–	189	189
	6,337	189	–	6,526	6,526
Lease liabilities	1,493	–	–	1,493	1,489

	At 31 March 2022				
	Within one year or on demand HK$'000	After one year but within two years HK$'000	After two years but within five years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and other payables	4,127	–	–	4,127	4,127
Amount due to a related company	35	–	–	35	35
Other payables	–	–	189	189	189
	4,162	–	189	4,351	4,351
Lease liabilities	2,986	1,493	–	4,479	4,442

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value

Financial instruments that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values due to their immediate or short-term maturities.

Fair value of financial assets that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into Levels 1 to 2 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

The valuation techniques and inputs used in the fair value measurements of the financial instrument on a recurring basis are set out below:

Financial Instruments	Fair value hierarchy	Fair value as at		Valuation technique and key inputs
		2023	2022	
		HK$'000	HK$'000	
Financial assets at FVTPL				
– Listed equity securities in Hong Kong	Level 1	**13,984**	8,548	Quoted bid price in an active market
– Unlisted equity linked fixed coupon notes ("FCN")	Level 2	–	7,424	Quoted price provided by bank

There were no transfers between level 1 and 2 of fair value hierarchy in the current year.

7. REVENUE

Revenue represents the amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts. An analysis of the Group's revenue for the year is as follows:

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines		
– Repairing service income	51,207	34,503
– Sales of accessories and provision of supportive services	174	254
	51,381	34,757

Disaggregation of revenue by geographical region

	2023 HK$'000	2022 HK$'000
Geographical region of revenue recognition		
Hong Kong	51,381	34,757
At a point in time	51,381	34,757

8. SEGMENT INFORMATION

The Group is engaged in a single segment, the provision of repair and refurbishment services for mobile phones and other personal electronic products as well as the sales of related accessories and provision of supportive services. Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors as they collectively make strategic decision in allocating the Group's resources and assessing performance.

Geographical information

During the years ended 31 March 2023 and 2022, the Group's operations were located in Hong Kong.

During the year ended 31 March 2023, 100% (2022: 100%) of the Group's revenue, based on the location of the operations, was generated in Hong Kong while as at 31 March 2023, 100% (2022: 100%) of the non-current assets, based on the geographical location of the assets, was located in Hong Kong. Hence, no geographical information is presented.

8. SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group is as follows:

	2023 HK$'000	2022 HK$'000
Customer I	13,042	9,453
Customer II	9,956	12,507

9. OTHER INCOME AND GAINS

	2023 HK$'000	2022 HK$'000
Government grants *(Note i)*	1,674	51
Management fee income *(Note ii)*	748	758
Rental income (net of direct outgoings: nil)	560	370
Dividend income from financial assets at FVTPL	301	96
Interest income from financial assets at FVTPL	262	1,848
Gain on disposal of financial assets at FVTPL	222	46
Storage income *(Note iii)*	202	266
Bank interest income	3	46
Gain on lease modification	–	18
Exchange gain, net	–	12
Others	1	–
	3,973	3,511

Notes:

(i) During the year ended 31 March 2023, the Group recognised government grants of HK$1,674,000 (2022: HK$51,000) in respect of COVID-19-related subsidies, out of which HK$1,674,000 (2022: nil) were related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There were no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

(ii) The amount represents management income received from manufacturers of mobile phones for the provision of management service such as inventory management, redemption and software upgrade to one of their operation teams in Hong Kong.

(iii) The amount represents storage income for damaged mobile phones in Hong Kong.

10. OTHER OPERATING EXPENSES, NET

	2023 HK$'000	2022 HK$'000
Miscellaneous income charges	**380**	405
Less: Other operating expenses of service centres	**(4,565)**	(2,563)
Other operating expenses, net	**(4,185)**	(2,158)

11. FINANCE COST

	2023 HK$'000	2022 HK$'000
Interest on lease liabilities	**33**	67

12. INCOME TAX (CREDIT) EXPENSE

	2023 HK$'000	2022 HK$'000
Hong Kong Profits Tax		
– current year	**–**	6
– Underprovision in prior years	**1**	418
	1	424
Deferred tax *(Note 26)*	**(244)**	117
	(243)	541

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

12. INCOME TAX (CREDIT) EXPENSE (Continued)

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

	2023 **HK$'000**	2022 HK$'000
Loss before tax	**(7,358)**	(466)
Tax calculated at rates applicable to profits in the respective tax jurisdiction concerned	**(1,214)**	(76)
Tax effect of income not taxable for tax purpose	**(326)**	–
Tax effect of expenses not deductible for tax purpose	**891**	185
Tax losses not yet recognised	**405**	24
Hong Kong Profits Tax concession *(Note)*	**–**	(10)
Underprovision in prior years	**1**	418
	(243)	541

Note:

A tax concession of 100%, subject to a ceiling of HK$10,000 per company, was granted to a Group's subsidiary under Hong Kong tax jurisdiction for the year ended 31 March 2022.

Details of deferred taxation are set out in Note 26.

13. LOSS FOR THE YEAR

	2023 HK$'000	2022 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Directors' and chief executive's emoluments *(Note 14)*		
– salaries, allowances and other benefits	2,248	2,340
– employer's contributions to retirement benefits schemes	54	54
	2,302	2,394
Other staff costs		
– salaries, allowances and other benefits	20,597	15,962
– employer's contributions to retirement benefits schemes	984	676
– long service payment obligations	70	286
	21,651	16,924
Total staff costs	23,953	19,318
Auditor's remuneration	650	650
Depreciation of property, plant and equipment	3,269	1,887
Depreciation of right-of-use assets	2,687	2,438
Depreciation of investment properties	985	654
Reversal of allowance for inventories (included in cost of sales)	(8)	(36)
Written off of trade receivables (included in other operating expenses, net)	56	–
Allowance for inventories (included in cost of sales)	143	20
Amount of inventories recognised as an expense	20,046	6,634

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the seven (2022: seven) directors and the chief executive were as follows:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking				
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Employer's contributions to retirement benefits schemes HK$'000	Total HK$'000
Year ended 31 March 2023					
Executive director					
Mr. CHEUNG King Fung Sunny	–	432	40	18	490
Non-executive directors					
Mr. CHEUNG King Chuen Bobby	–	432	40	18	490
Mr. CHEUNG King Shan	–	432	40	18	490
Mr. CHEUNG King Shek	–	432	40	–	472
Independent non-executive directors					
Mr. FONG Ping	120	–	–	–	120
Ms. KWOK Yuen Man Marisa	120	–	–	–	120
Mr. TSO Ka Yi	120	–	–	–	120
Total	360	1,728	160	54	2,302

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking				
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Employer's contributions to retirement benefits schemes HK$'000	Total HK$'000
Year ended 31 March 2022					
Executive director					
Mr. CHEUNG King Fung Sunny	–	426	78	18	522
Non-executive directors					
Mr. CHEUNG King Chuen Bobby	–	426	78	18	522
Mr. CHEUNG King Shan	–	426	42	18	486
Mr. CHEUNG King Shek	–	426	78	–	504
Independent non-executive directors					
Mr. FONG Ping	120	–	–	–	120
Ms. KWOK Yuen Man Marisa	120	–	–	–	120
Mr. TSO Ka Yi	120	–	–	–	120
Total	360	1,704	276	54	2,394

Note:

Mr. CHEUNG King Fung Sunny has been appointed as the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive for the years ended 31 March 2023 and 2022.

Neither the chief executive nor any of the directors of the Company waived or agreed to waive any emolument paid by the Group during the years ended 31 March 2023 and 2022. No emoluments were paid or payable by the Group to the chief executive nor any of the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2023 and 2022.

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three of them (2022: three) were the directors and chief executive of the Company, whose emoluments are included in the analysis presented above. The emoluments of the remaining two (2022: two) individuals were as follows:

	2023 HK$'000	2022 HK$'000
Salaries, allowances and other benefits	1,423	1,268
Employer's contributions to retirement benefits schemes	36	36
	1,459	1,304

Their emoluments were within the following bands:

	2023 No. of employees	2022 No. of employees
Nil to HK$1,000,000	2	2

No emoluments were paid or payable by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2023 and 2022.

15. DIVIDENDS

	2023 **HK$'000**	2022 HK$'000
Dividends recognised as distribution during the year:		
2020/21 fourth interim dividend of HK$0.02 per share	–	2,567
2021/22 first interim dividend of HK$0.02 per share	–	2,567
2021/22 second interim dividend of HK$0.02 per share	–	2,567
	–	7,701

Subsequent to the end of the reporting period, the board of directors has resolved not to declare any interim dividend for the year ended 31 March 2023.

16. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2023 **HK$'000**	2022 HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company	**(7,115)**	(1,007)

Number of shares

	2023	2022
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**128,342,000**	128,342,000

Diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares outstanding during both years.

17. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Machinery HK$'000	Computers HK$'000	Total HK$'000
COST							
At 1 April 2021	–	1,396	527	776	6,279	2,253	11,231
Addition	31,202	3,431	463	259	–	276	35,631
At 31 March 2022 and 1 April 2022	31,202	4,827	990	1,035	6,279	2,529	46,862
Addition	–	1,274	108	–	–	27	1,409
At 31 March 2023	31,202	6,101	1,098	1,035	6,279	2,556	48,271
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 April 2021	–	1,314	491	771	6,279	1,939	10,794
Charged for the year	799	858	58	26	–	146	1,887
At 31 March 2022 and 1 April 2022	799	2,172	549	797	6,279	2,085	12,681
Charged for the year	1,204	1,766	106	54	–	139	3,269
Impairment loss for the year	2,399	–	–	–	–	–	2,399
At 31 March 2023	4,402	3,938	655	851	6,279	2,224	18,349
CARRYING VALUES							
At 31 March 2023	26,800	2,163	443	184	–	332	29,922
At 31 March 2022	30,403	2,655	441	238	–	444	34,181

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Ownership interests in leasehold land and buildings	Over the shorter of term of the leases or 50 years
Leasehold improvements	Over the shorter of the lease term or 5 years
Office equipment	5 years
Furniture and fixtures	5 years
Machinery	5 years
Computers	3–5 years

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

For the purpose of impairment assessment, property, plant and equipment (excluded ownership interests in leasehold land and buildings) and right-of-use asset are included in the Company's CGU. The management carried out an impairment assessment for the CGU. The estimate of the recoverable amount was based on value-in-use calculation using the discounted cash projection at pre-tax discount rate of 8.84% (2022: N/A) per annum based on the financial forecast approved by management. Key assumptions for the value-in-use calculation include future revenue, budgeted gross margin and operating costs, which were determined based on the past performance, the Company's business plan and management expectations for the market development.

As a result, no impairment losses on property, plant and equipment (excluded ownership interests in leasehold land and buildings) and right-of-use assets were recognised during the year ended 31 March 2023 and 2022 as the recoverable amount of the CGU excess than the carrying amount of CGU.

The management carried out an impairment assessment on the ownership interests in leasehold land and buildings. The estimate of the recoverable amount was based on fair value less cost to sell with reference to a valuation carried out by Greater China Appraisal Limited ("Greater China"), a member of Hong Kong Institute of Surveyors by market comparison approach with reference to the prices for similar properties in the similar locations and conditions, accordingly an impairment loss of HK$2,399,000 (2022: nil) was recognised during the year ended 31 March 2023.

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	2023	2022
	HK$'000	HK$'000
Buildings	**1,344**	4,031

The Group has lease arrangement for buildings and premises with lease term ranged from 2 to 3 years. The Group has also entered into short-term leases arrangement in respect of repair centre.

Additions to the right-of-use assets for the year ended 31 March 2022 amounted to HK$5,822,000 (2023: nil), due to new leases of buildings.

Details of the impairment assessment are disclosed in Note 17.

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(ii) Lease liabilities

	2023 HK$'000	2022 HK$'000
Non-current	–	1,489
Current	1,489	2,953
	1,489	4,442

Amounts payable under lease liabilities	2023 HK$'000	2022 HK$'000
Within one year	1,489	2,953
After one year but within two years	–	1,489
	1,489	4,442
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	(2,953)
Amount due for settlement after 12 months	1,489	1,489

During the year ended 31 March 2022, the Group entered into a new arrangement in respect of buildings and recognised lease liabilities of HK$5,822,000 (2023: nil).

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(iii) Amount recognised in profit or loss

	2023 HK$'000	2022 HK$'000
Depreciation of right-of-use assets	**2,687**	2,438
Interest expense on lease liabilities	**33**	67
Expense relating to short-term leases	**418**	232

(iv) Others

During the year ended 31 March 2023, the total cash outflow for lease amount to HK$3,404,000 (2022: HK$2,328,000).

During the year ended 31 March 2022, the Group had early terminated the lease for certain buildings and derecognised right-of-use assets and lease liabilities of HK$565,000 (2023: nil) and HK$583,000 (2023: nil) respectively, resulting in a gain on termination of leases of HK$18,000 (2023: nil) being recognised in profit or loss for the year.

Restrictions or covenants on leases

As at 31 March 2023, lease liabilities of HK$1,489,000 (2022: HK$4,442,000) are recognised with related right-of-use assets of HK$1,344,000 (2022: HK$4,031,000). The lease agreements do not impose any covenants other than security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

19. INVESTMENT PROPERTIES

	HK$'000
COST	
As at 1 April 2021	–
Addition	25,537
As at 31 March 2022, 1 April 2022 and 31 March 2023	25,537
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
As at 1 April 2021	–
Provided for the year	654
As at 31 March 2022 and 1 April 2022	654
Provided for the year	985
Impairment loss for the year	2,098
As at 31 March 2023	3,737
CARRYING AMOUNTS	
As at 31 March 2023	21,800
As at 31 March 2022	24,883

The fair value of the Group's investment properties as at 31 March 2023 was HK$21,800,000 (2022: HK$27,900,000). The fair value has been arrived at based on a valuation carried out by Greater China (2022: International Valuation Limited ("IVL")), a member of Hong Kong Institute of Surveyors by market comparison approach with reference to the prices for similar properties in the similar locations and conditions. The valuation of the fair value of the investment properties is grouped into fair value hierarchy Level 3.

There were no transfers between levels of fair value hierarchy during the years ended 31 March 2023 and 2022.

During the year ended 31 March 2023, the directors of the Company conducted a review of the Group's investment properties with reference to the valuation carried out by Greater China (2022: IVL), accordingly an impairment loss of HK$2,098,000 (2022: nil) was recognised.

The above investment properties are depreciated on a straight-line basis over the term of the leases.

20. INVENTORIES

	2023 HK$'000	2022 HK$'000
Merchandises	**6,201**	2,043

During the year ended 31 March 2023, an allowance for inventories of HK$143,000 (2022: HK$20,000) was made for write-down of obsolete inventories.

During the year ended 31 March 2023, certain impaired inventories were sold at a gross profit. As a result, a reversal of write-down of merchandises of HK$8,000 (2022: HK$36,000) has been recognised and included in cost of sales.

21. FINANCIAL ASSETS AT FVTPL

	2023 HK$'000	2022 HK$'000
Financial assets mandatorily measured at FVTPL		
Listed equity securities in Hong Kong	**13,984**	8,548
Financial assets designated at FVTPL		
Unlisted equity linked FCN *(Note)*	**–**	7,424
	13,984	15,972

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading or as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

21. FINANCIAL ASSETS AT FVTPL (Continued)

Note: Unlisted equity linked FCN

During the year ended 31 March 2022, the Group acquired FCN from financial institutions in Hong Kong. No FCN acquirement during the year ended 31 March 2023.

- The FCNs are non-guaranteed products, and their returns are linked to a basket of underlying shares.
- The structure of each FCN is to receive the fixed coupon on the/each scheduled coupon payment date until the relevant note is redeemed due to (i) knock-out event (if applicable) or early termination event occurred or (ii) at maturity.
- If the equity linked fixed coupon notes are held to the maturity date and the price(s) of the single underlying share or a basket of underlying share is/are below the strike price(s), the Group is required to redeem the laggard underlying at the put strike price.
- The maximum risk exposure of the Company is at the time when the Company is obliged to take delivery of the underlying shares at the strike price, and the total amount of the funds for the acquisition of the underlying shares is limited to the principal amount of each equity linked fixed coupon notes.
- The fair values are determined using with the quoted asset value provided by bank.

The fair values of the FCN as at 31 March 2022 which amounted to HK$7,424,000, are determined based on the quoted asset value by bank. The FCN have maturity of six months from the acquisition date.

The FCN are recognised as follows:

	2023 HK$'000	2022 HK$'000
At 1 April	7,424	–
Additions	–	64,500
Gain (loss) on change in fair value recognised in profit or loss	5	(2,019)
Redemption	(3)	(29,510)
Transfer to listed equity securities in Hong Kong *(Note)*	(7,426)	(25,547)
At 31 March	–	7,424

Note: During the year ended 31 March 2023, one of the FCN's shares price closed below the strike price on maturity date, the Group was obligated to take delivery of 21,328 shares of the underlying The Stock Exchange of Hong Kong Limited (Stock Code: 00388 HK) shares at the strike price according to the terms of the FCN.

During the year ended 31 March 2022, five of the FCN's shares price closed below the strike price on maturity date, the Group was obligated to take delivery of 237,168, 226,800 and 23,016 shares of the underlying New World Development Company Ltd. (Stock Code: 00017 HK), Wharf Real Estate Investment Company (Stock Code: 01997 HK) and The Stock Exchange of Hong Kong Limited (Stock Code: 00388 HK) shares at the strike price according to the terms of the FCNs respectively.

22. RENTAL DEPOSIT AND TRADE AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	6,779	6,824
Other receivables	48	175
Rental and other deposits	3,499	2,939
Prepayments	140	137
	10,466	10,075
Less: Rental deposit classified as non-current assets	–	(498)
Current portion included in trade and other receivables	10,466	9,577

The Group does not hold any collateral over these balances.

As at 31 March 2023, the gross amount of trade receivables arising from contracts with customers amounted to HK$6,779,000 (2022: HK$6,824,000).

The Group grants an average credit period of 30 days to 60 days to its trade customers.

The following was an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

	2023 HK$'000	2022 HK$'000
Within 30 days	5,116	3,527
31 to 60 days	1,623	3,183
61 to 90 days	–	–
91 to 120 days	40	95
Over 120 days	–	19
	6,779	6,824

The Group performs ongoing credit evaluations of its customers and credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are assessed by using a provision matrix based on the credit risk characteristic and the ageing of trade receivables. The Group considers the historical loss rates in the past years and adjusts for forward looking factors in calculating the ECL rates.

22. RENTAL DEPOSIT AND TRADE AND OTHER RECEIVABLES (Continued)

The Group's lifetime ECL for trade receivables based on the ageing of customers.

Year ended 31 March 2023:

	Weighted average expected loss rate %	Gross carrying amount HK$'000
Within 30 days	*	5,116
31 to 60 days	*	1,623
61 to 90 days	*	–
91 to 120 days	*	40
Over 120 days	*	–
		6,779

Year ended 31 March 2022:

	Weighted average expected loss rate %	Gross carrying amount HK$'000
Within 30 days	*	3,527
31 to 60 days	*	3,183
61 to 90 days	*	–
91 to 120 days	*	95
Over 120 days	*	19
		6,824

* The weighted average expected loss rate is immaterial.

The directors of the Company consider the ECL of trade receivables is insignificant, therefore no loss allowance on trade receivables was recognised as at 31 March 2023 and 2022.

As at 31 March 2023, the Group writes off trade receivable of approximately HK$56,000 (2022: nil) which was past due over one year.

The assessments on ECL of other receivables and deposits are set out in Note 6(b).

The Group entered in a tenancy agreement with related company, of which directors of the Company have beneficial interests in related company, for leasing of property as service centre. As at 31 March 2023, the rental deposit paid to a related company of approximately HK$418,000 (2022: nil) have been recognised as current rental deposit.

23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Cash and cash equivalents include demand deposits and short-term bank deposits for the purpose of meeting the Group's short term cash commitment, which carry interest at market rates which range from 0.001% to 0.63% (2022: 0.001% to 0.28%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$201,000 (2022: HK$201,000) have been pledged to secure short-term bank overdrafts and letter of credit and are therefore classified as current assets. The pledged bank deposit will be released upon expiration of short-term bank overdrafts and letter of credit.

The pledged bank deposits carried interest at fixed rates from 0.01% to 0.64% (2022: 0.01%) per annum.

24. TRADE AND OTHER PAYABLES

	2023 **HK$'000**	2022 HK$'000
Trade payables	**4,464**	2,440
Accrued expenses and other payables	**2,662**	2,636
Total	**7,126**	5,076
Less: Other payables classified as non-current liabilities	**(189)**	(189)
Current portion included in trade and other payables	**6,937**	4,887

The average credit period on purchases of goods ranged from 30 days to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within credit timeframe.

The following was the aged analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	2023 **HK$'000**	2022 HK$'000
Within 30 days	**4,414**	2,338
31 to 60 days	**16**	10
61 to 90 days	**–**	–
Over 90 days	**34**	92
	4,464	2,440

25. LONG SERVICE PAYMENT OBLIGATIONS

The Group made provision for probable future long service payments to employees in accordance with Hong Kong Employment Ordinance, as further detailed in Note 3.

Pursuant to Chapter 10 of the Hong Kong Employment Ordinance, the long service payment is to be offset with the accrued benefits derived from the Group's contributions made to MPF Scheme for the employees and subject to a cap of HK$390,000 per employee. On 17 June 2022, the Government of the HKSAR published the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") in the Gazette. The Amendment Ordinance seeks to abolish the use of the accrued benefits derived from employers' mandatory contributions under the MPF System to offset severance payment and long service payment. Therefore, accrued benefits derived from mandatory employer contributions may not be used to offset post-transition long service payment and will be effective in 2025.

The provision represented the management's best estimate of the Group's liability at the end of each reporting period.

The Group exposes to actuarial risks such as interest rate risk, longevity risk and salary risk.

– Interest risk	A decrease in the bond interest rate will increase the long service payment liability.
– Longevity risk	The present value of the long service payment liability is calculated by reference to the best estimate of the mortality of participants during their employment. An increase in the life expectancy of the participants will increase the long service payment liability.
– Salary risk	The present value of the long service payment liability is calculated by reference to the future salaries of participants. As such, an increase in the salary of the participants will increase the liability.

The most recent actuarial valuations of the present value of the long service payment obligation were carried out as at 31 March 2023 and 2022 by Asset Appraisal Limited, an independent qualified valuer. The present value of the long service payment obligation and the related service cost were measured using the projected unit credit method.

Movement of present value of provision for long service payment is as follows:

	2023 **HK$'000**	2022 HK$'000
At 1 April	**98**	54
Charged to profit or loss	**70**	286
Actuarial losses (gains) recognised in other comprehensive expense (income)	**167**	(242)
Benefit paid during the year	**(92)**	–
At 31 March	**243**	98

25. LONG SERVICE PAYMENT OBLIGATIONS (Continued)

Movement of present value of the long service payment obligations is as follows:

	2023 HK$'000	2022 HK$'000
At 1 April	98	54
Current service cost	70	286
Remeasurement losses (gains):		
Actuarial losses (gains) recognised in other comprehensive expense (income)	167	(242)
Benefit paid during the year	(92)	–
At 31 March	243	98

Amounts recognised in consolidated statement of profit or loss and other comprehensive income in respect of long service payment are as follows:

	2023 HK$'000	2022 HK$'000
Current service cost	70	286
Components of long service payment obligation recognised in profit or loss (included in staff costs)	70	286

Remeasurement on the net long service payment liability

	2023 HK$'000	2022 HK$'000
Actuarial losses (gains) arising from changes in financial assumptions	167	(242)
Components of long service payment obligation recognised in other comprehensive expense (income)	167	(242)

25. LONG SERVICE PAYMENT OBLIGATIONS (Continued)

Remeasurement on the net long service payment liability (Continued)

The amounts recognised in consolidated statement of profit or loss and other comprehensive income are as follows:

	2023 HK$'000	2022 HK$'000
Cumulative amount of actuarial gains at the beginning of the year	**(850)**	(608)
Net actuarial losses (gains) during the year	**167**	(242)
Cumulative amount of actuarial gains at the end of the year	**(683)**	(850)

At 31 March 2023 and 2022, the amounts are calculated based on the principal assumptions stated as below:

	2023	2022
Annual salary increment	**2.71%**	1.78%
Turnover rate	**0.00% to 26.90%**	15.53% to 31.01%
MPF return rate	**2.40%**	4.30%
Discount rate	**3.01% to 3.35%**	0.87% to 2.09%

The principal assumptions used for the determination of the long service payment obligations are MPF return rate and annual salary increment.

In the opinions of the directors of the Company, the expected change in the principal assumptions will not have significant impact on the long service payment obligations for the years ended 31 March 2023 and 2022. Hence, no sensitivity analysis is presented.

26. DEFERRED TAX

The analysis of deferred tax asset and deferred tax (liability) is as follows:

	2023	2022
	HK$'000	HK$'000
Deferred tax asset	**495**	276
Deferred tax liability	**(56)**	(81)
	439	195

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the both years ended:

	Tax losses	**Decelerated tax depreciation**	**Accelerated tax depreciation**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2021	–	312	–	312
Credited (charged) to profit or loss *(Note 12)*	43	(36)	(124)	(117)
At 31 March 2022 and 1 April 2022	43	276	(124)	195
Credited (charged) to profit or loss *(Note 12)*	(26)	219	51	244
At 31 March 2023	17	495	(73)	439

Deferred tax assets are recognised for available tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 March 2023, the Group had tax losses of HK$2,706,000 (2022: HK$408,000). Tax losses can be carried forward against future taxable income indefinitely.

As at 31 March 2023, the Group did not recognise deferred tax assets in respect of tax losses of HK$2,603,000 (2022: HK$148,000) due to the unpredictability of future profit stream.

27. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	1,000,000,000	100,000
Issued and fully paid:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	128,342,000	12,834

28. OPERATING LEASING ARRANGEMENTS

The Group as lessor

The Group leases out its investment properties during the years ended 31 March 2023 and 2022. The leases are rented to third parties under operating leases with leases negotiated for a term of three years (2022: three years) as at 31 March 2023. None of the leases includes contingent rentals.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2023 HK$'000	2022 HK$'000
Within one year	**565**	565
After one year but within two years	**141**	565
Over two years	**–**	141
	706	1,271

29. RETIREMENT BENEFITS SCHEME CONTRIBUTIONS

Hong Kong

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employee's earnings as defined under the Mandatory Provident Fund Legislation. The mandatory contributions from each of the employer and employees are subject to a cap of HK$1,500 per month.

During the year ended 31 March 2023, the total amount contributed by the Group to this scheme and charged to the consolidated statement of profit or loss and other comprehensive income was HK$1,038,000 (2022: HK$730,000).

30. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution of the Company passed on 2 May 2013 for the purpose of attracting and retaining the best quality personnel for the development of the Group's businesses, providing additional incentives to the qualifying grantees, and promoting the long term financial success of the Group by aligning the interests of option holders to shareholders of the Company. Under the Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, consultants, business partners or other eligible person as stated in the Share Option Scheme, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue during any 12-month period, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up within twenty-eight days from the date of the offer, upon payment of HK$1 per offer. Option periods of the options granted shall not be greater than a period of ten years from the date of grant of the options. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

No share option was granted during the years ended 31 March 2023 and 2022. There are no share options outstanding as at 31 March 2023 and 2022.

31. RELATED PARTY TRANSACTIONS AND BALANCES

(a) The Group had the following material transactions and balances with related parties during the years:

Name of company	Nature of transactions	*Notes*	2023 HK$'000	2022 HK$'000
Telecom Service Network Limited	Logistic fee paid thereto	*(i) & (iii)*	905	399
Oceanic Rich Limited ("ORL")	Rental expenses paid thereto	*(ii) & (iii)*	–	232
	Purchase of properties	*(iii) & (v)*	–	54,400
Onbo International Limited	Rental expenses paid thereto	*(ii) & (iii)*	418	–
Telecom Digital Services Limited ("TDS")	Received repairing service income therefrom	*(i) & (iii)*	82	104
	Consignment fee paid thereto	*(i) & (iii)*	1	57
	Management fee paid	*(i) & (iii)*	–	29
Telecom Digital Data Limited ("TDD")	Received repairing service income therefrom	*(i) & (iii)*	742	987
Distribution One Limited ("D1")	Received repairing service income therefrom	*(i) & (iii)*	281	281

31. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) (Continued)

Details of amounts due from related companies are as follows:

				Maximum amount outstanding during the year ended 31 March	
	Notes	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Related companies					
TDD	*(iii) & (iv)*	**50**	76	**89**	158
TDS	*(iii) & (iv)*	**5**	5	**95**	70
D1	*(iii) & (iv)*	**23**	47	**47**	47
		78	128		

Notes:

(i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.

(ii) The rental expenses were charged on a monthly fixed amount mutually agreed by the Group and the relevant party.

(iii) Mr. CHEUNG King Shek, Mr. CHEUNG King Shan, Mr. CHEUNG King Chuen Bobby and Mr. CHEUNG King Fung Sunny, the directors of the Company have beneficial interests in the companies.

(iv) The amounts were arisen from normal sales and purchase transactions. The amounts are unsecured, interest-free and expected to be settled according to their respective credit terms which are similar to those with third parties.

(v) On 25 May 2021, the Group entered into a sales and purchase agreement with ORL for acquisition of buildings of which details were set out in announcement dated on 25 June 2021.

(b)

The amount due to a related company was arisen from normal sales and purchase transactions. The amount was unsecured, interest-free and repayable on demand. The directors of the Company have beneficial interests in this related company.

31. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) During the year ended 31 March 2023, the Group has made lease payments of HK$418,000 to a related company, where the lease is accounted for as short-term leases (2022: HK$232,000).

(d) Banking facilities

During the year ended 31 March 2023, the banking facilities of HK$10,200,000 (2022: HK$200,000) have been granted from the banks and the unutilised bank facilities were HK$10,200,000 (2022: HK$200,000) as at 31 March 2023.

During the year ended 31 March 2023, the banking facility of USD3,000,000 (2022: USD3,000,000) has been granted for the purpose of financing the investments within or through the bank and the unutilised banking facilities for investment purpose were USD3,000,000 (2022: USD3,000,000) as at 31 March 2023.

(e) Compensation of key management personnel

The remuneration of key management during the year was as follow:

	2023 HK$'000	2022 HK$'000
Short-term benefits	4,772	4,658
Post-employment benefits	142	139
	4,914	4,797

The remuneration of the key management personnel is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) Changes in liabilities arising from financing activities

	Lease liabilities HK$'000
As at 1 April 2021	1,232
Financing cash flows	
– Repayment of lease liabilities	(2,029)
– Interest paid	(67)
Net cash used in financing cash flows	(864)
New leases entered	5,822
Lease modification	(583)
Interest expenses	67
As at 31 March 2022 and 1 April 2022	4,442
Financing cash flows	
– Repayment of lease liabilities	(2,953)
– Interest paid	(33)
Net cash used in financing cash flows	1,456
Interest expenses	33
As at 31 March 2023	1,489

(b) Major non-cash transactions

During the year ended 31 March 2022, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$5,822,000 (2023: nil) and HK$5,822,000 (2023: nil) respectively, in respect of lease arrangements for office and warehouse.

During the year ended 31 March 2022, the Group had non-cash reductions to right-of-use assets and lease liabilities of HK$565,000 (2023: nil) and HK$583,000 (2023: nil) respectively, in respect of lease modification for office and warehouse.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2023** **HK$'000**	2022 HK$'000
Non-current asset			
Investment in a subsidiary	*(a)*	**17,338**	17,338
Current assets			
Prepayments		**116**	116
Amount due from a subsidiary	*(b)*	**129,530**	129,530
Tax recoverable		**17**	455
Bank balances and cash		**118**	131
		129,781	130,232
Current liabilities			
Other payables		**225**	235
Amount due to a subsidiary	*(b)*	**69,978**	69,767
		70,203	70,002
Net current assets		**59,578**	60,230
Net assets		**76,916**	77,568
Capital and reserves			
Share capital		**12,834**	12,834
Reserves	*(c)*	**64,082**	64,734
Total equity		**76,916**	77,568

Notes:

(a) As at 31 March 2023, the carrying amount of investment in a subsidiary was HK$17,338,000 (2022: HK$17,338,000), net of accumulated impairment loss of HK$4,879,000 (2022: HK$4,879,000).

(b) The amounts due from (to) subsidiaries are unsecured, non-interest bearing and repayable on demand.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes: (Continued)

(c) Reserves

	Share premium HK$'000	Other reserve HK$'000 *(Note i)*	Retained profits HK$'000	Total HK$'000
At 1 April 2021	36,900	21,533	6,867	65,300
Profit for the year and total comprehensive income for the year	–	–	7,135	7,135
Payment of dividends *(Note 15)*	–	–	(7,701)	(7,701)
At 31 March 2022 and 1 April 2022	36,900	21,533	6,301	64,734
Loss for the year and total comprehensive expense for the year	–	–	(652)	(652)
At 31 March 2023	36,900	21,533	5,649	64,082

Note:

(i) Other reserve represents the difference between the nominal value of the shares issued for the acquisition of TSO BVI and the consolidated net asset values of TSO BVI and its subsidiaries at the date of acquisition.

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at 31 March 2023 and 2022, particulars of the Company's subsidiaries are as follows:

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Company and proportion of voting power held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
TSO BVI	BVI	US$1,000	100%	–	100%	–	Investment holding
Telecom Service One Limited	Hong Kong	HK$1,000	–	100%	–	100%	Provision of repair and refurbishment services for mobile phones and other personal electronic products as well as the sale of related accessories and provision of supporting services
Joyful Ocean Investments Limited	Hong Kong	HK$1	–	100%	–	100% *(Note)*	Property investment
TSO Macau	Macau	MOP100,000	–	100%	–	100%	Inactive

Note: During the year ended 31 March 2022, the Group has acquired a subsidiary from East-Asia for a cash consideration of HK$1 with net cash outflow of HK$1.

None of the subsidiaries had issued any debt securities during both years or the end of both years.

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 March				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**51,381**	34,757	38,350	44,324	65,992
Cost of sales	**(39,996)**	(21,322)	(23,025)	(27,603)	(36,318)
Gross profit	**11,385**	13,435	15,325	16,721	29,674
Other income and gains	**3,973**	3,511	9,341	2,591	3,870
Other operating expenses, net	**(4,185)**	(2,158)	(6,155)	(4,388)	(8,418)
Administrative expenses	**(13,569)**	(13,168)	(8,661)	(12,126)	(14,023)
Impairment losses on property, plant and equipment	**(2,399)**	–	–	–	–
Impairment losses on investment properties	**(2,098)**	–	–	–	–
Loss on changes in fair value of financial assets at fair value through profit or loss	**(432)**	(2,019)	–	–	–
Finance costs	**(33)**	(67)	(48)	(5)	–
(Loss) profit before tax	**(7,358)**	(466)	9,802	2,793	11,103
Income tax credit (expense)	**243**	(541)	(229)	(286)	(1,701)
(Loss) profit for the year	**(7,115)**	(1,007)	9,573	2,507	9,402
Other comprehensive (expense) income					
Items that will not be reclassified to profit or loss:					
Remeasurement of long service payment obligations	**(167)**	242	264	174	(75)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	**–**	–	–	–	(10)
Release of exchange translation reserve upon deregistration of a subsidiary	**–**	–	–	144	–
Other comprehensive (expense) income for the year	**(167)**	242	264	318	(85)
Total comprehensive (expense) income for the year	**(7,282)**	(765)	9,837	2,825	9,317
(Loss) earnings per share (HK$)					
Basic	**(0.0554)**	(0.0078)	0.0746	0.0195	0.0733
Diluted	**(0.0554)**	(0.0078)	0.0746	0.0195	0.0731
ASSETS AND LIABILITIES					
Total assets	**89,107**	97,047	100,122	102,864	106,467
Total liabilities	**(9,074)**	(9,732)	(4,341)	(6,653)	(5,381)
	80,033	87,315	95,781	96,211	101,086
Equity attributable to owners of the Company	**80,033**	87,315	95,781	96,211	101,086