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仍志集團控股有限公司
WISDOMCOME GROUP HOLDINGS LIMITED

(Continued into Bermuda with limited liability)

(Stock code: 8079)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

*This announcement, for which the directors (the “**Directors**”) of Wisdomcome Group Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The board of the Directors (the “**Board**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2024 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from money lending	3	14,029	22,062
Revenue from sale of goods	3	39,289	49,337
Cost of goods sold		(33,169)	(41,121)
Gross profit from sale of goods		6,120	8,216
Investment and other income	4	1,714	3,755
Other gains and losses, net	5	(46,302)	(7,050)
Servicing, selling and distribution costs		(4,801)	(6,526)
Administrative expenses		(49,151)	(64,498)
Allowance for expected credit losses on trade receivables, net		(13,157)	(482)
Allowance for expected credit losses on loans and advances to customers, net		(22,644)	(8,355)
Finance costs	7	(470)	(698)
Share of results of associates		–	(514)

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax	6	(114,662)	(54,090)
Income tax credit (expense)	8	<u>14</u>	<u>(14)</u>
Loss and total comprehensive expense for the year		<u>(114,648)</u>	<u>(54,104)</u>
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		(114,403)	(54,104)
Non-controlling interests		<u>(245)</u>	<u>–</u>
		<u>(114,648)</u>	<u>(54,104)</u>
Loss per share attributable to owners of the Company			
Basic and diluted	9	<u>HK\$(0.23)</u>	<u>HK\$(0.15)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		–	10,930
Right-of-use assets		–	6,508
Goodwill		1,344	1,344
Interests in associates		–	1,688
Deposits, prepayments and other receivables	13	39	1,545
Loans and advances to customers	14	21,512	30,738
		<u>22,895</u>	<u>52,753</u>
Current assets			
Inventories	11	8,539	10,733
Trade receivables	12	1,551	12,823
Deposits, prepayments, other receivables and other assets	13	22,283	21,817
Loans and advances to customers	14	19,999	32,213
Financial assets at fair value through profit or loss	10	5,070	32,571
Asset held for sale		1,600	–
Cash and cash equivalents		4,913	25,820
		<u>63,955</u>	<u>135,977</u>
LIABILITIES			
Current liabilities			
Trade and other payables	15	10,251	7,779
Contract liabilities		1,092	1,110
Lease liabilities		1,366	5,454
Tax payable		–	14
Borrowing	16	1,200	1,200
		<u>13,909</u>	<u>15,557</u>
Net current assets		<u>50,046</u>	<u>120,420</u>

	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets less current liabilities	72,941	173,173
Non-current liability		
Lease liabilities	<u>383</u>	<u>1,467</u>
	<u>383</u>	<u>1,467</u>
Net assets	<u>72,558</u>	<u>171,706</u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	5,186	4,326
Reserves	<u>67,617</u>	<u>167,380</u>
Equity attributable to owners of the Company	72,803	171,706
Non-controlling interests	<u>(245)</u>	<u>–</u>
Total equity	<u>72,558</u>	<u>171,706</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

Wisdomcome Group Holdings Limited (the “**Company**”) was an exempted company continued into Bermuda with limited liability with effect from 30 April 2008. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The principal places of business of the Company and its subsidiaries (collectively referred to as the “**Group**”) are in Hong Kong. The Company’s principal place of business in Hong Kong is Unit 02, 5/F., Eastmark, 21 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong. The Company’s shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand except where otherwise indicated.

The Group is principally engaged in the money lending business, financial instruments and quoted shares investment and retail and wholesale business.

These consolidated financial statements were approved and authorised for issue by the board of directors on 26 June 2024.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note to the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. There is no seasonality and cyclicity of the operations of the Group. The performance obligation is part of a contract that has an original expected duration of one year or less. Disaggregation revenue from contracts with the customers are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Contracts with customers		
Retail sales of grocery products and restaurant operation	28,432	27,343
Wholesale of frozen food and processed food	<u>10,857</u>	<u>21,994</u>
	----- 39,289	----- 49,337
Revenue from contracts with customers not within the scope of HKFRS 15		
Revenue from money lending	----- 14,029	----- 22,062
	<u>53,318</u>	<u>71,399</u>
Timing of revenue recognition within the scope of HKFRS 15		
At point in time	<u>39,289</u>	<u>49,337</u>

Revenue from contracts with customers are recognised at a point in time.

(b) Segment information

The chief operating decision makers have been identified as the executive directors of the Company (the “**Executive Directors**”). The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

Management assesses the performance based on the nature of the Group’s businesses which are principally located in Hong Kong, and comprises (i) money lending; and (ii) groceries retail and wholesale.

Segment results represent the profit/(loss) generated by each segment without allocation of central administration costs, investment and other income, other gains and losses, net, finance costs, share of results of associates, and income tax credit/(expense). This is the measure reported to the Executive Directors for the purposes of resources allocation and assessment of segment performance.

Segment assets include all assets, other than unallocated corporate assets. Segment liabilities include all liabilities, other than unallocated corporate liabilities and current tax liabilities.

(c) **Segment results, assets and liabilities**

	Money lending		Groceries retail and wholesale		Total	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue from external customers	<u>14,029</u>	<u>22,062</u>	<u>39,289</u>	<u>49,337</u>	<u>53,318</u>	<u>71,399</u>
Reportable segment (loss)/ profit before tax	<u>(16,830)</u>	<u>2,041</u>	<u>(14,939)</u>	<u>(21,306)</u>	<u>(31,769)</u>	<u>(19,265)</u>
Depreciation of property, plant and equipment	944	1,398	1,140	2,635	2,084	4,033
Depreciation of right-of-use assets	201	574	3,030	3,483	3,231	4,057
Allowance for expected credit losses on trade receivables, net	-	-	13,157	482	13,157	482
Allowance for expected credit losses on loans and advances to customers, net	22,644	8,355	-	-	22,644	8,355
Reportable segment assets	<u>48,446</u>	<u>117,495</u>	<u>22,896</u>	<u>49,985</u>	<u>71,342</u>	<u>167,480</u>
Additions to property, plant and equipment	-	180	43	3,749	43	3,929
Reportable segment liabilities	<u>2,823</u>	<u>2,903</u>	<u>3,943</u>	<u>6,761</u>	<u>6,766</u>	<u>9,664</u>

(d) **Reconciliations of reportable segment revenue, loss before tax, assets and liabilities**

	2024	2023
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue and consolidated revenue	<u>53,318</u>	<u>71,399</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax		
Reportable segment loss before tax	(31,769)	(19,265)
Unallocated head office corporate expenses	(37,835)	(30,318)
Investment and other income	1,714	3,755
Other gains and losses, net	(46,302)	(7,050)
Finance costs	(470)	(698)
Share of results of associates	—	(514)
Consolidated loss before tax	<u>(114,662)</u>	<u>(54,090)</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Assets		
Reportable segment assets	71,342	167,480
Unallocated corporate assets	<u>15,508</u>	<u>21,250</u>
Consolidated total assets	<u>86,850</u>	<u>188,730</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Liabilities		
Reportable segment liabilities	6,766	9,664
Unallocated corporate liabilities	<u>7,526</u>	<u>7,360</u>
Consolidated total liabilities	<u>14,292</u>	<u>17,024</u>

(e) **Information about major customers**

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A ¹	<u>10,781</u>	<u>N/A²</u>

¹ Revenue from groceries retail and wholesale.

² The corresponding revenue did not contribute over 10% of the total revenue of the Group.

(f) **Geographical information**

All of the Group's operations and assets are located in Hong Kong, in which all of its revenue was derived.

4. INVESTMENT AND OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Government grants (<i>note</i>)	–	1,994
Interest income from		
– bank balances	163	108
– rental deposits	52	70
Others	<u>1,499</u>	<u>1,583</u>
	<u><u>1,714</u></u>	<u><u>3,755</u></u>

Note: During the year ended 31 March 2023, the Group recognised government grants of HK\$1,994,000 in respect of Covid-19-related subsidies, including Employment Support Scheme and Retail Sector Subsidy Scheme provided by the Hong Kong government. There was no unfulfilled condition or contingency in respect of the government grants. There is no such government grants recognised during the year ended 31 March 2024.

5. OTHER GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fair value loss on financial assets at FVTPL, net	(27,818)	(937)
Impairment loss of other assets	(11,096)	–
Impairment loss of interests in associates	–	(3,939)
Loss on disposal of property, plant and equipment, net	(328)	(2,162)
Loss on disposal of associates	(1,688)	(113)
Gain on disposal of subsidiaries	1,889	75
Loss on early termination of lease	(129)	–
Written-off of property, plant and equipment	(435)	–
Impairment loss of property, plant and equipment	(5,120)	–
Impairment loss of right-of-use assets	(1,677)	–
Others	<u>100</u>	<u>26</u>
	<u><u>(46,302)</u></u>	<u><u>(7,050)</u></u>

6. LOSS BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax is arrived at after charging:		
Auditor's remuneration	880	880
Commission expense		
– Money lending business	551	1,648
– Retail and wholesale business	102	271
Minimum lease payments in respect of short-term leases of land and buildings	714	1,242
Employee benefit expenses (including directors' emoluments)		
– Basic salaries, allowances and other benefits in kind	20,184	31,599
– Retirement benefit scheme contributions	611	1,571
	<u>20,795</u>	<u>33,170</u>
Depreciation of property, plant and equipment		
– Owned assets (included in administrative expenses)	4,631	5,074
– Owned assets (included in cost of sales)	11	994
	<u>4,642</u>	<u>6,068</u>
Depreciation of right-of-use assets		
– Included in administrative expenses	4,521	5,463
– Included in cost of goods sold	28	448
	<u>4,549</u>	<u>5,911</u>
Carrying amount of inventories sold	31,215	34,612
Provision for impairment on/write-down of inventories (included in cost of sales)	1,000	1,774
Cost of inventories recognised as expenses	<u>32,215</u>	<u>36,386</u>

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses on:		
Borrowing	288	270
Lease liabilities	182	428
	<u>470</u>	<u>698</u>

8. INCOME TAX CREDIT (EXPENSE)

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax: Hong Kong		
– Charge for the current year	–	(14)
– Over-provision in prior years	<u>14</u>	<u>–</u>
	<u>14</u>	<u>(14)</u>
Deferred tax	<u>–</u>	<u>–</u>
Income tax credit (expense)	<u><u>14</u></u>	<u><u>(14)</u></u>

For the years ended 31 March 2024 and 2023, Hong Kong Profits Tax was calculated under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

At the end of the reporting period, the Group has unused tax losses of HK\$232,115,000, (2023: HK\$185,066,000) for offset against future profits. A deferred tax asset has been recognised in respect of HK\$1,102,000 (2023: HK\$1,459,000) of such losses. The tax losses do not expire under current legislation. No deferred tax asset has been recognised in respect of the tax losses of HK\$231,013,000 (2023: HK\$183,607,000) due to the unpredictability of future profit streams.

As 31 March 2024, the Group has deductible temporary differences of HK\$21,491,000 (2023: HK\$9,345,000) of which deferred tax asset has not been recognised. Tax effect of such deductible temporary differences as at 31 March 2024 was HK\$3,546,000 (2023: HK\$1,542,000).

9. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company	<u>(114,403)</u>	<u>(54,104)</u>

2024 2023

Number of ordinary shares

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>506,391,976</u>	<u>366,859,658</u>
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The weighted average number of ordinary shares for the year ended 31 March 2023 has been adjusted to reflect the rights issues during the year.

The computation of diluted loss per share for the years ended 31 March 2024 and 2023 is the same as the computation of basic loss per share as there were no potential ordinary shares in issue.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Listed equity securities		
– Hong Kong (<i>notes (i)</i>)	1,470	954
Unlisted fund (<i>notes (ii)</i>)	–	28,017
Film rights investments (<i>note (iii)</i>)	<u>3,600</u>	<u>3,600</u>
	<u>5,070</u>	<u>32,571</u>

Notes:

- (i) The fair values of listed equity securities are determined by reference to their quoted market prices at the end of the reporting period and are categorised as level 1 under fair value measurement hierarchy.

- (ii) The fair value of the Group's interests in the fund is determined by reference to its net asset value per share at the end of the reporting period, since the Group has the right to request for redemption of some or all of its interests in the fund at a redemption price, which equals to the net asset value, according to the private placing memorandum of the fund. The fair value of the Group's interests in the fund is categorised as level 3 under fair value measurement hierarchy. The directors of the fund declared suspension of net asset calculation, redemptions and payment of any redemption proceeds until further notice. Legal letter was issued by lawyer on behalf of the Group to the fund, but no reply was received from the fund. Therefore, the Group considered that the fair value of the fund of approximately HK\$28,017,000 was fully impaired during the year. As at 31 March 2024, HK\$28,017,000 of fair value loss on the Group's interests in the fund is recognised (2023: HK\$851,000 of fair value gain on the Group's interests in the fund).
- (iii) The balance represents the Group's investments in film productions which entitled the Group to predetermined percentage of income to be generated from the films based on the Group's investment portion as specified in respective film rights investments agreements.

11. INVENTORIES

	2024 HK\$'000	2023 <i>HK\$'000</i>
Merchandise, at cost	<u>8,539</u>	<u>10,733</u>

12. TRADE RECEIVABLES

	2024 HK\$'000	2023 <i>HK\$'000</i>
Trade receivables	20,426	18,935
Allowance for credit losses	<u>(18,875)</u>	<u>(6,112)</u>
	<u>1,551</u>	<u>12,823</u>

The Group maintains payment terms of cash on delivery for retail sales for both years ended 31 March 2024 and 2023. The credit term for certain wholesale customers is 0 to 30 days from the date of billing for the years ended 31 March 2024 and 2023. The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

The following is an aged analysis of trade receivables, net of impairment, presented based on the invoice dates:

	2024 HK\$'000	2023 <i>HK\$'000</i>
Within three months	1,217	935
Over three months and within one year	<u>334</u>	<u>11,888</u>
	<u>1,551</u>	<u>12,823</u>

13. DEPOSITS, PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Deposits (<i>note (i)</i>)	18,122	10,676
Prepayments	2,068	902
Contingent consideration receivables (<i>note (iii)</i>)	2,018	–
Other receivables	114	688
Other assets (<i>note (ii)</i>)	–	11,096
	<u>22,322</u>	<u>23,362</u>
Analysed for reporting purpose as:		
Current portion	22,283	21,817
Non-current portion	<u>39</u>	<u>1,545</u>
	<u>22,322</u>	<u>23,362</u>

Notes:

- (i) Included in deposits was rental deposits of HK\$929,000 (2023: HK\$1,560,000) of which HK\$39,000 (2023: HK\$1,444,000) is expected to be utilised over one year. Included in deposits was also deposits for development of a platform for operation of HK\$5,500,000 (2023: HK\$5,500,000), trade deposits to a supplier of HK\$4,500,000 (2023: HK\$2,280,000), and HK\$5,900,000 of other deposits paid for the arrangement of new retail shops (2023 : Nil).
- (ii) The balances represent the Group’s investments in certain digital assets purchased during the year ended 31 March 2023, which is stated at the lower of cost and net realisable value. There was no active market for the digital assets. Therefore, the Group considered that no realisable value of other assets as at 31 March 2024. As at 31 March 2024, HK\$11,096,000 of impairment loss on other assets is recognised (2023:Nil).
- (iii) Pursuant to the sale and purchase agreement entered in relation to the acquisition of Union Raise Limited (“**Union Raise**”) and Pets Supermarket Limited (“**Pets Supermarket**”), in the event that the audited financial statements of Union Raise and Pets Supermarket for the period from 23 May 2023 to 22 May 2024 is less than HK\$1,000,000 per each subsidiary, Mr. Cheng and Ms. Li (the “**vendors**”) shall pay to the Group the adjustment amounts. The fair value of the contingent consideration receivables represent the profit guarantee in relation to the adjustments to the consideration from the acquisition of Union Raise and Pets Supermarket during the year ended 31 March 2024.

14. LOANS AND ADVANCES TO CUSTOMERS

	2024	2023
	HK\$'000	HK\$'000
Loans and advances to customers	130,933	164,640
Allowance for credit losses	(89,422)	(101,689)
	<u>41,511</u>	<u>62,951</u>
Analysed for reporting purpose as:		
Current portion	19,999	32,213
Non-current portion	21,512	30,738
	<u>41,511</u>	<u>62,951</u>

As at 31 March 2024, loans and advances to customers of HK\$6,600,000 (2023: HK\$784,000) and HK\$2,740,000 (2023: HK\$9,067,000), respectively, are secured by the customers' pledged first charge and second charge properties located in Hong Kong of which the fair value of the property is higher of the respective loan. And loans and advances to customers of HK\$31,482,000 (2023: HK\$22,305,299) is secured by the customers' pledged car of which the fair value of the car is higher of the respective loan. The remaining balances are unsecured which include unsecured personal loans and third mortgage loans.

All loans and advances to customers are denominated in HK\$. The Group's loans and advances to customers related to a large number of diversified customers with principal amounts ranged from HK\$8,000 to HK\$15,000,000 (2023: HK\$8,000 to HK\$15,000,000). The loans and advances to customers carry fixed effective interest rate as follows with credit terms mutually agreed with the customers:

Types of loan	Effective interest rate per annum	
	2024	2023
Secured loan with properties (first charge and second charge)	13% – 20%	16% – 20%
Secured loan with car	10% – 36%	9% – 36%
Unsecured loan	5% – 52%	5% – 53%

15. TRADE AND OTHER PAYABLES

	2024	2023
	HK\$'000	HK\$'000
Trade payables	1,809	672
Other payables and accruals	5,462	4,127
Promissory note for acquisition of a subsidiary (<i>note</i>)	2,980	2,980
	<u>10,251</u>	<u>7,779</u>

Note: On 8 November 2022, the Group acquired 100% equity interest in EC Star Limited, which is engaged in money lending, from a director of the Company for a consideration of HK\$2,980,000 by issue of promissory note. The promissory note is bearing interest rate of 2% per annum and repayable on demand.

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

At the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2024	2023
	HK\$'000	HK\$'000
0–30 days	872	493
31–90 days	932	179
91–365 days	–	–
Over 365 days	5	–
	<u>1,809</u>	<u>672</u>

16. BORROWING

	2024	2023
	HK\$'000	HK\$'000
Other loan (Secured)	<u>1,200</u>	<u>1,200</u>
	<u>1,200</u>	<u>1,200</u>

The carrying amounts of above borrowing is repayable within one year (2023: repayable within one year). As at 31 March 2024 and 31 March 2023, the other loan is secured by a property of a subsidiary of the Company and carried at fixed interest rate 24% per annum (2023: 24%).

17. EVENT AFTER THE REPORTING PERIOD

On 9 February 2024, the Group entered into the Provisional Agreement with Mr. Gidwani Dheeraj (“**Purchaser**”), independent third party, pursuant to which the Group has agreed to sell, and the Purchaser has agreed to purchase, the Building at the Consideration of HK\$1.6 million. The transaction that resulted in the reclassification of assets held for sale as at 31 March 2024 is already completed in the second quarter of 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The money lending business continues to be the core business of the Group and to generate stable income to the Group.

The Group reviewed that the E-commerce is a part of the modern urban lifestyle in Hong Kong. The Group has been developing the retails and online sales business since year 2015. The Group will improve and update the E-commerce system to satisfy the customers needs. The Group will continue to develop self-own brand products and source different types of products from local or overseas suppliers to satisfy the ever-changing conditions of our customers.

The Group has obtained a sole and exclusive right of distribution and sales of supplement products which produced by FromBio Co. Limited. FromBio Co. Limited is a company established in 2006 in Korea, which is a global health care company that creates value for improving the quality of life for the customers. The supplement products includes liver health, intestinal health, eye health, joints and cartilage, stomach and intestine etc.

In addition, the Group also started to distribute its healthy products at one of the major chain stores in Hong Kong.

OPERATION REVIEW

Revenue for the financial year ended 31 March 2024 was approximately HK\$53.3 million (2023: HK\$71.4 million). The loss before tax was increased due to (a)(i) the increase in market interest rate caused the decrease in demand of borrowing; and (ii) continue to adopt prudent and cautious approaches in the loan assessment and approval process for the segment of money lending business; (b)(i) there are many new competitors with similar business model in the market, resulting in severe competitions; and (ii) reduced the market share in the wholesales business for the segment of retail and wholesale business; and (c) the increase in fair value loss on financial assets at FVTPL.

Money Lending Business

After actively participating in money lending business for more than ten years, a solid client base has been built. In the financial year, revenue for this segment under review was approximately HK\$14 million (2023: HK\$22.1 million).

The carry amount of less than 30 days past due and more than 30 days past due as at 31 March 2024 was approximately HK\$2,617,000 and HK\$14,590,000 respectively, while the subsequent settlement of less than 30 days past due and more than 30 days past due as at the date of this announcement is approximately HK\$804,000 and HK\$365,000 respectively.

The demand for loans is correlated to consumer and business sentiment on expenditure and/or purchase of real estate assets for residential or investment purposes which can then be reflected in the level of domestic economic activities. The economic activities and business sentiment have been affected by the novel coronavirus infection. Many enterprises suffer from a plunge in business turnover, resulting in a liquidity problem, in particular those small and medium enterprises which have difficulty in obtaining commercial bank loans due to their scale of operation. This may provide potential opportunities for licensed money lenders, particularly when banks' attitudes have become more conservative under the worsened economic environment, notwithstanding that the Group has become more cautious in its lending given the weakening economy in Hong Kong which may give rise to more bad debts in the industry.

Company's Money Lending Business and Credit Risk Assessment Policy

The Group's money lending business has been mainly carried out by its subsidiary, Yvonne Credit Service Co., Limited ("**Yvonne Credit**"), a money lender license holder under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), since 2007.

The source of funding was mainly financed by the internal resources and the working capital of the Group. With a view to minimizing the credit risk, Yvonne Credit only granted loans to Hong Kong residents. Most of the Group's customers are referred by Yvonne Credit's registered referral agents and small portion of the Group's customers are walk-in customers.

Yvonne Credit has its internal assessment and work procedure in granting a loan. When a client is referred to Yvonne Credit by its registered referral agent, a loan application form setting out the potential client's personal information and financial position, including his/her source of income and amount of income, the market value of the property as collateral, and details of the outstanding mortgage (if any) with banks or other financing company will be submitted to the director who is responsible for the mortgage financing business for approval. Together with the loan application form, the following documents will be verified or reviewed:

- (i) Copy of identity card or passport;
- (ii) Copy of income proof, such as tax demand note, salary payroll receipt, employment contract or tenancy agreement;
- (iii) Copy of residential address proof of the latest three months, such as utility bills, tax return or bank statement;

- (iv) Legal search for the credit worthiness assessment; and
- (v) Land search report for the proof of property ownership.

In addition to the know-your-client procedure, Yvonne Credit will also observe the requirement to comply with the anti-money laundering or counter terrorist financing regulations for its financing business. Furthermore, to promote clients' awareness of the requirements of the Money Lenders Ordinance, a summary of provisions of the Money Lenders Ordinance will be attached, for client's reference, to the loan agreement to be entered between Yvonne Credit and its client.

Determination of Loan Terms

The Group would determine the terms of the loans (including loan amount, duration and interest rate) on a case-by-case basis taking into account factors including but not limited to the cost of providing a particular loan, the financial background and repayment ability of the borrowers, the credit and business risks of the loan, the expected rates of return of the loan, the borrowers' credit rating and repayment record in other financial institutions, the borrower's earning abilities, the quality and value of the collateral (if any), the purpose of the loan, the relationship with the borrowers and guarantors (if any), the debt ratio of the borrower, the past repayment record (for repeated borrowers), the prevailing market interest rate for similar loans, and the general economic environment. Generally, unsecured loan is subject to higher interest rates given that the appearance of lack of collaterals but the actual interest rate charged might vary subject to the terms of maturity, loan size, financial strength of borrower/guarantor as well as business relationship with the Group.

Collaterals and guarantors would be obtained from the borrowers as appropriate on a case-by-case basis by considering the amount of the loan, the interest rate, whether the existing assets of the borrower would be able to cover the loan and interests, the financial background, repayment ability and credit worthiness of the borrowers. The Group may grant loans to borrowers without collateral if the borrower has stable employment, in sound financial condition and has good asset proof and credit history. Nevertheless, the Group is conservatively prudent and would assess the creditworthiness of the unsecured loans including but not limited to obtaining copies of income proof such as tax demand note, salary payroll, employment contract, and copies of assets proof such as asset title certificates, bank statements, financial statements and auditor's reports (where applicable) to assess the borrower' asset portfolio, leverage level and liquidity conditions before granting the loan.

Major Terms of Loans Granted

The Group offers both mortgage loans and personal loans. The Group focuses on provision of mortgage loans which are secured by legal charge against real estates located in Hong Kong, including residential, and car parking spaces, to individuals or corporations. During the year ended 31 March 2024, the interest rates charged to mortgage loan customers were at the range from 16% to 20% per annum with the maturity profile from 36 to 120 months. The normal interest rates charged to mortgage loan customers range from 10% to 36% and the normal duration of mortgage loans is within the range from 12 to 120 months.

The Group also provides secured car loans and unsecured personal loans to individuals who are mainly owners of motor vehicles, real estate assets under the Home Ownership Scheme and the Tenant Purchase Scheme as well as private residential properties. During the year ended 31 March 2024, the interest rates of all outstanding loans charged to them were at the range from 5% to 52% per annum with the maturity profile from 1 to 240 months. The normal interest rates charged to these loans range from 15% to 36% for general borrowers and from 4% to 15% for existing customers or referral or refinance of wholesales customers, and the normal duration of these loans is within the range from 1 to 60 months.

The duration of loans is normally requested by the borrowers. The Group will determine the final duration of the loans based on the information provided by the borrowers, for example, the age of borrower, financial information of borrower and the past repayment record (if any). Sometimes, the Group grants loans at significant variance in duration and interest rate taking into account the loan amount, short term financing, special collaterals (e.g. antique, jewellery), long term business relationship and goodwill, etc.

Size and Diversity of Clients

As at 31 March 2024, the carrying amount of loans and advances to customers was approximately HK\$41,511,000. As at 31 March 2024, there were 4 mortgage loan customers with first or second charge of approximately HK\$9,340,000, representing approximately 7% of the Group's entire loan portfolio as at 31 March 2024. The mortgage loans granted by the Group as at 31 March 2024 had a principal amount ranging from HK\$1,100,000 to HK\$4,800,000 (the average loan size being approximately HK\$2,263,000, with maturity profiles from 12 to 180 months (the average loan term being approximately 108 months) and interest rates ranging from 14% to 20% (the average interest rate being approximately 17%). As at 31 March 2024, the mortgage loans were secured by residential properties.

As at 31 March 2024, there were 177 secured car loans and 145 unsecured personal loans, which in total amounted to approximately HK\$121,593,000, representing approximately 93% of the Group's entire loan portfolio as at 31 March 2024. The secured car loans granted by the Group as at 31 March 2024 had a principal amount ranging from HK\$35,000 to HK\$7,200,000 (the average loan size being approximately HK\$226,000) with maturity profile from 12 to 60 months (the average loan term being approximately 44 months) and interest rates from 10% to 31% (the average interest rate being approximately 25.59%). The unsecured personal loans granted by the Group as at 31 March 2024 had had a principal amount ranging from HK\$10,000 to HK\$15,000,000 (the average loan size being approximately HK\$890,000) with maturity profile from 1 to 240 months (the average loan term being 34 months) and interest rates from 5% to 48% (the average interest rate being approximately 30.03%).

Key Internal Control Measures

Loan monitoring

After loan advancement, the management of the Group would continue to monitor the financial conditions of the borrowers and the guarantors (if any) and value of the collaterals on a regular basis and take appropriate follow-up action with the borrowers including follow up calls and site visits where the financial condition of the borrowers deteriorates or the value of the collaterals decreases dramatically.

The Company will conduct regular company searches, internet searches and regulatory compliance searches towards the borrowers in order to monitor the risk level. The Company will also request borrowers for provision of any updated financial information if considered necessary to update their financial ability, credit risk and assess the loan recoverability. These exercises are to monitor if any material adverse change may arise on the financial or legal conditions on the borrowers. If it is noted that there is a material deterioration in the borrowers' financial condition, the Group may require repayment from the borrowers.

For secured loans, the Group would keep track on the market value of the pledged collaterals on a monthly basis and when the Group perceives that there is a huge fluctuation in the relevant market of the collateral so as to ensure that there is no material deterioration in value. If it is noted that the value of the collateral is insufficient to cover the risk exposure or the actual loan-to-collateral value ratio with respect to any loan advanced has reached or exceeded acceptable level, the Group may require the borrower to (i) provide additional collateral; (ii) partially repay the outstanding loan; or (iii) realise the value of the collateral in order to bring the loan-to-collateral value ratio back to acceptable level.

Loan collection

In order to minimise the Group's exposure to credit risk and follow up closely with its customers as to the deadlines in payment of interest and principal of the loans, (i) the relevant staff of Yvonne Credit is responsible for monitoring the status of loan repayment and keeping accounting records for monthly audit of the loan balance to ensure that all borrowers have made repayment on time in accordance with the terms of the relevant loan agreement; (ii) the relevant staff of Yvonne Credit will communicate regularly with the borrowers regarding their financial positions and credit profile to have an up-to-date understanding of their repayment ability and creditworthiness; (iii) the relevant staff is required to report to the directors of Yvonne Credit immediately in the event of late repayment, material change to the repayment ability or creditworthiness of the borrowers or any other events which indicate the recovery of the loan may be at risk; and (iv) the management is required to report the repayment status of all the Group's loans to the Directors on a quarterly basis so that the Directors can review the loan portfolio and discuss actions to be taken.

The Group has standard procedures in dealing with default in payment. In the event of failure to repay interest or principal amount by the due date, (i) within 2 days, the Group would proactively contact the borrower via phone and issue overdue payment reminders to the relevant borrower to urge him/her to settle the overdue amounts without further delay and enquire the reasons for the default; (ii) the Group would continue to contact the borrower on a weekly basis via telephone and email stating that the borrower should repay the outstanding amount as soon as possible and negotiate with the borrower for the repayment or settlement of the loan; (iii) if the default in repayment persists, 5 days after the due date, the Group would request its lawyer to issue a legal demand letter to the borrower explaining the legal proceedings to process the relevant legal actions in respect of the collateral for secured loan or petition bankruptcy for non-secured loan; and (iv) if no positive response is received within 2 days after the demand letter was issued, the management will decide whether to engage a debt collection agent or commence legal proceedings against the borrower. Yvonne Credit may also take legal actions to enforce the possession of the defaulted client's property for auction and defaulted client's motor vehicle for sale.

LOAN IMPAIRMENT ASSESSMENT

The Group adopted the requirements in respect of ECL assessment set forth in HKFRS 9 issued by the HKICPA in determining the impairment loss allowance for its loan receivables. The Company has taken into account the following factors on the impairment assessment for the outstanding loans and unlisted debt securities due from the connected parties and independent third parties in accordance with the HKFRS 9:

- (i) the probability of default and the likelihood that the borrowers may fail to pay back the loans. The Company will perform due diligence on the financial statements and consider the macro-environment and the latest announcements of the borrowers. The repayment history of the borrowers will also be taken into account;
- (ii) the loss given default and the expected cash shortfall between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. The Company will consider the value of the collaterals pledged for the loans, if any; and
- (iii) forward-looking market data such as gross domestic product will also impact to the recoverability of the loans.

For the purpose of impairment assessment, loans of the Group are classified as stage 1, 2 and 3 according to the prevailing accounting standard.

- Stage 1 – are loans with no significant increase in credit risk of the financial instrument since their initial recognition.
- Stage 2 – are loans with increase in credit risk of the financial instrument since their initial recognition.
- Stage 3 – loans has significant increase in credit risk of the financial instrument since initial recognition and considered as credit-impaired. Impairment was assessed for each of the loans and the ECL model for internal impairment assessment has taken into account the following:
 - (1) expected life and contractual terms of a financial instrument
 - (2) market probability of default

- (3) market loss given default or discounted recovery rate and
- (4) forward-looking market data.

The management will from time to time assess whether the credit risk of the loan receivables has increased significantly since their initial recognition. Other than the adverse effect to the economic environment arising from the novel coronavirus disease (COVID-19), the factors to be considered for possible loan impairment include the clients' repayment track record and updated financial position, the change in the market value of clients' properties as well as the sentiment of the overall market in Hong Kong. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Based on the above ECL model, there was a recognition of net impairment losses arising from expected credit losses on loans and advances to customers in the amount of approximately HK\$22.6 million for the year ended 31 March 2024 (2023: approximately HK\$8.4 million). The impairment on loan receivables for the year ended 31 March 2024 was mainly attributable to delay payment of certain borrowers due to the continuation of the novel coronavirus disease (COVID-19) and economic downturn for the year ended 31 March 2024 which have affected the repayment ability of the borrowers.

Retail and Wholesale Business

As at the date of this announcement, the Group is operating 3 retail shops which located in Wanchai, Lai Chi Kok, Kowloon Bay and online business for the sales of grocery products. Beyond the general products like frozen food, the Group will focus more to introduce health and supplement products and in-house ready-to-eat products for the public.

Revenue for this segment for the year ended 31 March 2024 was approximately HK\$39.3 million (2023: HK\$49.3 million).

The revenue from sale of goods decrease of approximately 20.3% as compared to the corresponding period in 2023. Furthermore, there are many new competitors with similar business model in the market, resulting in severe competitions.

Property, Plant and equipment and Right-of-use Assets

At 31 March 2024, the directors of the Company conducted a review of the carrying value of property, plant and equipment and right-of-use assets and the recoverable amount of the relevant CGUs are lower than their carrying amounts and therefore HK\$6,797,000 of impairment was recognised in profit or loss for the year ended 31 March 2024.

Inventories, Deposits, Prepayments and Other Receivables

During the year, the Group launched new product line for pets products and human health supplement products. The Group purchased substantial stocks of pets and health supplement products from suppliers resulting in increase in the deposit for inventories purchase and also increase in the deposit paid for the arrangement of new retail shops as at 31 March 2024.

Outlook

The Group will continue to look for ways to further improve its existing business and explore new investment opportunities to broaden the business scope of the Group with the ultimate goal to maximise the return to shareholders.

CAPITAL STRUCTURE

During the year ended 31 March 2024, the change of the capital structure of the Company are as follows:

Connected transaction involving acquisition of 90.1% equity interest in union raise limited and continuing connected transaction in relation to the proposed entering into of management agreement a; and connected transaction involving subscription of new shares under specific Mandate A

Acquisition A

On 8 February 2023, the Company, as purchaser, and Mr. Cheng Sai Chit Luke (“**Mr. Cheng**”), as vendor, entered into the Sale and Purchase Agreement A, pursuant to which the Company has conditionally agreed to purchase, and Mr. Cheng has conditionally agreed to sell, subject to the completion of the Increase in Issued Share Capital A and the terms and conditions under the Sale and Purchase Agreement A, the Sale Shares A, representing approximately 90.1% equity interest in Union Raise Limited (“**Union Raise**”), at a consideration of HK\$1,000,000.

Pursuant to the Sale and Purchase Agreement A, upon the completion of Acquisition A, the Company, Union Raise and Mr. Cheng shall enter into the Management Agreement A, pursuant to which Mr. Cheng, as manager, shall provide such management services to Union Raise for a term commencing from the date of the Management Agreement A and ending on the date falling on the second anniversary of the date of the Management Agreement A, and provide the Profit Guarantee A in favour of Union Raise.

Management Agreement A

The term of the Management Agreement A shall commence on the date of the Management Agreement A and end on the earlier of (i) the date falling on the second anniversary of the commencement date of such term; and (ii) the date on which the Management Agreement A is terminated in accordance with the terms and conditions therein.

Service Fee

The service fee is HK\$30,000 per month in arrears to be paid by Union Raise to Mr. Cheng on the last day of every six calendar months.

Annual Caps

The Directors estimate that the maximum amount payable by Union Raise to Mr. Cheng under the Management Agreement A on an annual basis will not exceed HK\$500,000 and HK\$500,000 for the first and second anniversary of the date of the Management Agreement A, respectively (the “**Annual Caps**”).

The Annual Caps amount are calculated by reference to the total service fee payable under the Management Agreement A, which in turn is determined based on the experience of Mr. Cheng, the duties and level of responsibilities of Mr. Cheng and the prevailing market conditions.

Profit Guarantee

Pursuant to the terms and conditions of the Management Agreement A, Mr. Cheng shall irrevocably and unconditionally warrant and guarantee to Union Raise that the Net Profit of Union Raise, calculated in accordance with the HKFRS as shown in its audited financial statements for the following twelve (12)-month periods (the “**Guaranteed Period(s)**”) issued by the Auditors shall not be less than the following Guaranteed Profit (the “**Profit Guarantee A**”):

- (i) for the first twelve (12)-month period commencing on the date of the Management Agreement A, the Guaranteed Profit shall not be less than HK\$1,000,000; and
- (ii) for the second twelve (12)-month period immediately following the expiry of the said first twelve (12)-month period, the Guaranteed Profit shall not be less than HK\$3,000,000.

In the event that the Actual Profit of Union Raise, calculated in accordance with the HKFRS for any of the Guaranteed Periods as shown in the Guarantee Certificate (as defined below) is less than the Guaranteed Profit for such Guaranteed Period, then Mr. Cheng undertakes to pay to Union Raise, an amount (A) (the “**Shortfall A**”) calculated as follows:

$$A = \text{Guaranteed Profit} - \text{Actual Profit}$$

In such event, Mr. Cheng shall be obliged to pay Union Raise, within twenty (20) Business Days upon the receipt of the Guarantee Certificate an amount equivalent to the Shortfall A in cash.

For the avoidance of doubt, should Union Raise record a loss in its audited financial statements for any of the Guaranteed Periods, the Actual Profit for such Guaranteed Period shall be deemed as zero (0).

Subscription A

On 8 February 2023, the Company and Mr. Cheng entered into the Subscription Agreement A, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Cheng has conditionally agreed to subscribe for, an aggregate of 43,000,000 new Shares (“**Subscription Shares A**”) at the Subscription Price of HK\$0.20 per Subscription Share A for a total consideration of HK\$8,600,000.

Subject to completion of Acquisition A and Subscription A, it is expected that the gross proceeds and the net proceeds, after deduction of relevant expenses (including but not limited to the professional fees and disbursements), from Subscription A will be HK\$8,600,000 and approximately HK\$7,600,000, respectively. On such basis, the net price raised per Subscription Share A upon completion of Subscription A will be approximately HK\$0.177. The net proceeds from Subscription A are applied to be used (i) as to HK\$1,000,000 for financing Acquisition A; and (ii) as to approximately HK\$6,600,000 for the operation and working capital of Union Raise.

The closing price per share as quoted on the Stock Exchange on 8 February 2023, being the date of subscription announcement was HK\$0.173.

As Mr. Cheng is the brother-in-law of both Mr. Chan Yan Tak, being an executive Director and the chairman of the Board, and Mr. Lim Ming Shing Tony, being an executive Director, and a director of an indirect wholly-owned subsidiary of the Company, and therefore, Mr. Cheng is a connected person of the Company and the transactions contemplated under the Sale and Purchase Agreement A constitute a connected transaction and the transactions contemplated under the Management Agreement A constitute a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

Subscription A also constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

The completion of Acquisition A and Subscription A took place on 23 May 2023.

Upon the completion of Acquisition A, Union Raise is owned as to 90.1% by the Company and 9.9% by Mr. Cheng, and Union Raise has become a direct non-wholly owned subsidiary of the Company. As such, the financial information of the Union Raise will be consolidated into the consolidated financial statements of the Group.

Pursuant to the terms and conditions of the Sale and Purchase Agreement A, upon the completion of Acquisition A, Mr. Cheng entered into the Management Agreement A with Union Raise and the Company.

Acquisition of 90.1% equity interest in pets supermarket limited and the proposed entering into of management agreement B; and sub-scription of new shares under specific Mandate B

Acquisition B

On 8 February 2023, the Company, as purchaser, and Ms. Li Yung (“**Ms. Li**”), as vendor, entered into the Sale and Purchase Agreement B, pursuant to which the Company has conditionally agreed to purchase, and Ms. Li has conditionally agreed to sell, subject to the completion of the Increase in Issued Share Capital B and the terms and conditions under the Sale and Purchase Agreement B, the Sale Shares B, representing 90.1% equity interest in Pets Supermarket Limited (“**Pets Supermarket**”), at a consideration of HK\$1,000,000.

Pursuant to the Sale and Purchase Agreement B, upon the completion of Acquisition B, the Company, Pets Supermarket and Ms. Li shall enter into the Management Agreement B, pursuant to which Ms. Li, as manager, shall provide such management services to Pets Supermarket for a term commencing from the date of the Management Agreement B and ending on the date falling on the second anniversary of the date of the Management Agreement B, and provide the Profit Guarantee B in favour of Pets Supermarket.

Management Agreement B

The term of the Management Agreement B shall commence on the date of the Management Agreement B and end on the earlier of (i) the date falling on the second anniversary of the commencement date of such term; and (ii) the date on which the Management Agreement B is terminated in accordance with the terms and conditions therein.

Service Fee

The service fee is HK\$30,000 per month in arrears to be paid by Pets Supermarket to Ms. Li on the last day of every six calendar months.

Profit Guarantee

Pursuant to the terms and conditions of the Management Agreement B, Ms. Li shall irrevocably and unconditionally warrant and guarantee to Pets Supermarket that the Net Profit of Pets Supermarket, calculated in accordance with the HKFRS as shown in its audited financial statements for the following Guaranteed Periods issued by the Auditors shall not be less than the following Guaranteed Profit (the “**Profit Guarantee B**”):

- (i) for the first twelve (12)-month period commencing on the date of the Management Agreement B, the Guaranteed Profit shall not be less than HK\$1,000,000; and

- (ii) for the second twelve (12)-month period immediately following the expiry of the said first twelve (12)-month period, the Guaranteed Profit shall not be less than HK\$3,000,000.

In the event that the Actual Profit of Pets Supermarket, calculated in accordance with the HKFRS for any of the Guaranteed Periods as shown in the Guarantee Certificate is less than the Guaranteed Profit for such Guaranteed Period, then Ms. Li undertakes to pay to Pets Supermarket, an amount (A) (the “**Shortfall B**”) calculated as follows:

$$A = \text{Guaranteed Profit} - \text{Actual Profit}$$

In such event, Ms. Li shall be obliged to pay Pets Supermarket, within twenty (20) Business Days upon the receipt of the Guarantee Certificate an amount equivalent to the Shortfall B in cash.

For the avoidance of doubt, should Pets Supermarket record a loss in its audited financial statements for any of the Guaranteed Periods, the Actual Profit for such Guaranteed Period shall be deemed as zero (0).

Subscription B

On 8 February 2023 (after trading hours of the Stock Exchange), the Company and Ms. Li entered into the Subscription Agreement B, pursuant to which the Company has conditionally agreed to allot and issue, and Ms. Li has conditionally agreed to subscribe for, an aggregate of 43,000,000 new Shares at the Subscription Price of HK\$0.20 per Subscription Share B for a total consideration of HK\$8,600,000.

Subject to completion of Acquisition B and Subscription B, it is expected that the gross proceeds and the net proceeds, after deduction of relevant expenses (including but not limited to the professional fees and disbursements), from Subscription B will be HK\$8,600,000 and approximately HK\$7,600,000, respectively. On such basis, the net price raised per Subscription Share B upon completion of Subscription B will be approximately HK\$0.177. The net proceeds from Subscription B are applied to be used (i) as to HK\$1,000,000 for financing Acquisition B; and (ii) as to approximately HK\$6,600,000 for the operation and working capital of Pets Supermarket.

The closing price per share as quoted on the Stock Exchange on 8 February 2023, being the date of subscription announcement was HK\$0.173.

The completion of Acquisition B and Subscription B took place on 23 May 2023.

Upon the completion of Acquisition B, Pets Supermarket is owned as to 90.1% by the Company and 9.9% by Ms. Li, and Pets Supermarket has become a direct non-wholly owned subsidiary of the Company. As such, the financial information of the Pets Supermarket will be consolidated into the consolidated financial statements of the Group.

Pursuant to the terms and conditions of the Sale and Purchase Agreement B, upon the completion of Acquisition B, Ms. Li entered into the Management Agreement B with Pets Supermarket and the Company.

Pursuant to the sale and purchase agreement entered in relation to the acquisition of Union Raise and Pets Supermarket, in the event that the audited financial statements of Union Raise and Pets Supermarket for the period from 23 May 2023 to 22 May 2024 is less than HK\$1,000,000 per each subsidiary, Mr. Cheng and Ms. Li (the “**vendors**”) shall pay to the Group the adjustment amounts. The fair value of the contingent consideration receivable represented the profit guarantee in relation to the adjustments to the consideration from the acquisition of Union Raise and Pets Supermarket during the year ended 31 March 2024.

Details of the Acquisition A, Acquisition B, Subscription A and Subscription B were disclosed in the announcements and circular dated 8 February, 2023, 1 March 2023, 14 March 2023, 29 March 2023, 12 April 2023, 19 April 2023, 26 April 2023, 9 May 2023 and 23 May 2023 respectively.

After the completion of Subscription A and Subscription B, the total issued share capital of the Company as at 31 March 2024 are 518,644,031 shares.

CHANGE OF COMPANY NAME

The Company has changed its English name from “Easy Repay Finance & Investment Limited” to “Wisdomcome Group Holdings Limited” and the secondary name in Chinese from “易還財務投資有限公司” to “仍志集團控股有限公司” with effect from 4 June 2023 in Bermuda and 16 June 2023 in Hong Kong.

AMENDMENTS TO THE BYE-LAWS

Pursuant to Rule 17.50(1) of the GEM Listing Rules, the Board amended the existing bye-laws (“**Bye-laws**”) of the Company to (i) keep up with technological developments allowing general meetings to be held as an electronic meeting (also referred to as a virtual general meeting) or as a hybrid meeting; and (ii) bring the Bye-laws to be in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 to the GEM Listing Rules which took effect on 1 January 2022. In view of the changes, the Board adopted an amended and restated bye-laws (“**New Bye-laws**”) in substitution for, and to the exclusion of, the existing Bye-laws on 29 May 2023.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 29 May 2023, which will expire on the tenth anniversary of its adoption.

The Directors consider that the share option scheme will enable the Group to reward its employees, directors and other participants for their contributions to the Group and will assist the Group in its recruitment and retention of high calibre professionals, executives and employees who are instrumental to the growth and development of the Group's business.

No option was granted during the year ended 31 March 2024.

Details of the Change of Company Name, Adoption of Share Option Scheme and Amendments to the Bye-laws were disclosed in the announcements and circular dated 23 February 2023, 2 May 2023 and 29 May 2023 respectively.

TERMINATION OF THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT

On 15 August 2023, the Company implemented the Rights Issue on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.045 per Rights Share to raise approximately HK\$70.0 million before expenses by issuing 1,555,932,093 Rights Shares to the Qualifying Shareholders. The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$64.5 million, representing a net subscription price of approximately HK\$0.041 per Rights Share ("**Rights Issue**").

The Company also entered into the underwriting agreement ("**Underwriting Agreement**") with the underwriter, pursuant to which the underwriter has conditionally agreed to underwrite, on fully underwritten basis, 1,012,341,495 Underwritten Shares, subject to the terms and conditions set out in the Underwriting Agreement.

On 16 January 2024, the Board announced that, in view of the prevailing market conditions and the sentiment of investors, the Company and the underwriter mutually agreed to terminate the Underwriting Agreement with immediate effect. The Underwriting Agreement is therefore terminated and be of no further effect and neither party shall be under any liability to the other party in respect of the Underwriting Agreement.

No securities have been issued by the Company under the Rights Issue. The Rights Issue did not proceed and the Rights Issue was lapsed.

The details of the Rights Issue were disclosed in the announcements dated 15 August 2023, 5 September 2023, 19 September 2023, 17 October 2023, 6 November 2023, 8 December 2023, 21 December 2023 and 16 January 2024.

ETH ACQUISITION; ETH DISPOSAL; AND PETS NFT ACQUISITION

In between 4 July 2022 and 25 October 2022, the Group had acquired 971.7691 units of Ether (“**ETH**”) in CoinUnited.io, a global leading crypto service provider (“**CoinUnited**”) at an aggregate consideration of approximately HK\$11.2 million (the “**ETH Acquisition**”). The consideration for the ETH Acquisition was satisfied in cash and was determined according to the selling prices of ETH as quoted in CoinUnited, and the ETH Acquisition was funded by the internal resources of the Group. Settlement of the ETH Acquisition took place immediately after the respective purchase orders were made and completed.

In between 13 July 2022 and 25 October 2022, the Group had acquired 146 units of PETS WORLD PETS NFT (“**PETS NFT**”) in OpenSea at an aggregate consideration of approximately HK\$11.096 million (the “**PETS NFT Acquisition**”). The consideration for the PETS NFT Acquisition was satisfied in ETH (the “**ETH Disposal**”) and was determined according to the selling prices of PETS NFT as quoted in OpenSea. Settlement of the PETS NFT Acquisition took place immediately after the respective purchase orders were made and completed.

The PETS NFTs were issued in February 2022, with initial issuance size of 264,000 NFTs at issuance price ranging from US\$99 to US\$99,000 per NFT based on the tiers as stated below which are priced in ETH. The market price of the PETS NFT is currently unavailable due to inactive trading. The PETS NFTs are classified into various tiers i.e. Diamond, Ruby, Emerald, Paraiba, Sapphire, Aquamarine and Garnet which represents a tiered membership system of the PETS WORLD, a theme park and membership club which leverages leading edge Distributed Ledger Technology (DLT) to scale customer engagement, raise funding, operate club memberships, rewards, access control and internal club payments. Members are offered different discounts to the purchase of products and services offered by the PETS WORLD based on their membership tiers. Access to certain events and facilities on the PETS WORLD are granted to premium members only. The PETS WORLD ecosystem is still under development and is expected to complete in coming years.

The liquidity and bid-ask spread of the PETS NFT was relatively low after the PETS NFT Acquisition. There was no active market for the PETS NFT. Therefore, the Group considered that no realisable value of other assets as at 31 March 2024. As at 31 March 2024, HK\$11,096,000 of impairment loss on other assets is recognised (2023: Nil). The board will try the best to dispose the PETS NFT in the OpenSea market.

Details of the ETH Acquisition; ETH Disposal and PETS NFT Acquisition was disclosed in the announcement dated 9 February 2024.

EVENT AFTER REPORTING PERIOD

Disposal of a property

On 9 February 2024, EC Star Finance Limited (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with Mr. Gidwani Dheeraj (the “**Purchaser**”), pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the property located at Room 904, 9/F, Beverley Commercial Centre, Nos. 87–105 Chatham Road South, Kowloon, Hong Kong (“**Property**”) at the consideration of HK\$1.6 million (“**Disposal**”).

The Property is a commercial property and currently for the own use by the Vendor. After considering the prevailing market conditions and the current financial position and business operation of the Group, the Directors believe that the Disposal represents a good opportunity for the Company to realise the value of the Property at a reasonable price, whereby the proceeds from the Disposal can improve the financial position and increase the general working capital of the Group.

As at the date of this announcement, the net proceeds of approximately HK\$1.57 million from the Disposal was utilised as general working capital of the Group.

The Disposal was completed in April 2024, the details of the Disposal was disclosed in the announcement dated 15 February 2024.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations with internally generated cash flows. As at 31 March 2024, the Group had cash and cash equivalents of approximately HK\$4.9 million (2023: HK\$25.8 million).

As at 31 March 2024, the Group had borrowing of HK\$1.2 million (2023: HK\$1.2 million) which were used to finance the operation of the Group.

As at 31 March 2024, the Group’s gearing ratio, expressed as a percentage of total borrowings (comprising borrowings) less cash and cash equivalents then divided by total equity was nil (2023: Nil).

CHARGES ON GROUP'S ASSETS

As at 31 March 2024, no financial instruments was pledged as collateral to securities brokers for margin financing granted to the Group and no margin financing was utilised by the Group except for a loan of HK\$1,200,000 are secured by a property (2023: 1.2 million).

TREASURY POLICIES

Cash and bank deposits of the Group are mainly denominated in HK dollars (“**HK\$**”).

Since most of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangements to reduce the currency risk have been implemented.

EMPLOYEES

As at 31 March 2024, the Group had 38 (2023: 75) full-time employees. The total employee remuneration, including of the Directors, for the year ended 31 March 2024 amounted to approximately HK\$20.8 million (2023: HK\$33.2 million). The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds. Both the Group and the employees are required to contribute based on a fixed percentage of the employee’s relevant income up to a maximum of HK\$1,500 per employee per month.

Contributions to the MPF by the Group for its employees are fully and immediately vested in the employees once the contributions are made. There are no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution. Hence, there is no forfeited contributions which may be used by the Group to reduce the existing level of contributions.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to protect the interests of the shareholders of the Company. The Company had complied with the code on the basis of the Corporate Governance Code (the “**CG Code**”) as set out in the Appendix C1 of the GEM Listing Rules throughout the year ended 31 March 2024.

During the year ended 31 March 2024, the Board was responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group’s policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Group’s policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Group’s compliance with the CG Code and disclosure requirements in the corporate governance report.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the “**Required Standard of Dealings**”) of the GEM Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings for the financial year ended 31 March 2024.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company maintained the prescribed public float under the GEM Listing Rules.

CONTINGENT LIABILITIES

As at 31 March 2024, the Company did not provide any corporate guarantee to third parties.

DIVIDEND

The Directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2024 (2023: Nil).

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual report and financial statements, half-yearly report and quarterly reports and to provide advice and comment thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. During the year ended 31 March 2024, it consists of four Independent Non-executive Directors, Mr. Lee King Fui, chairman of the Audit Committee, Mr. Joseph Rodrick Law, Ms. Ho Sau Ping, Pia and Mr. Cheung Leung. The Company's annual results for the year ended 31 March 2024 have been reviewed by the Audit Committee.

SCOPE OF WORK OF CL PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Company's Independent Auditor, CL Partners CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2024. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by CL Partners CPA Limited in this announcement.

PUBLICATION OF FINANCIAL INFORMATION

This result announcement is published on the websites of the Company (www.ecrepay.com) and The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>). The Company's Annual Report 2023/24 will be despatched to the shareholders and available on the same websites in due course.

By order of the Board
Wisdomcome Group Holdings Limited
Chan Yan Tak
Chairman

Hong Kong, 26 June 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Chan Yan Tak, Mr. Lim Ming Shing, Tony, Ms. Siu Yeuk Hung, Clara and Mr. Law Ka Kei as executive directors; Mr. Lee King Fui, Mr. Joseph Rodrick Law, Ms. Ho Sau Ping Pia and Mr. Cheung Leung as independent non-executive directors.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the website of the GEM at www.hkgem.com for at least seven days from the date of its posting and on the Company's website at www.ecrepay.com.