

CRUSHMETRIC GROUP LIMITED

**DIRECTORS' REPORT AND NON-STATUTORY GROUP FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

CRUSHMETRIC GROUP LIMITED

CORPORATE INFORMATION

DIRECTORS

Executive directors:

Ong Ban Poh Michael

Non-executive directors:

Ivor Colin Shrago

Ow Kian Jing Dennis (resigned 3rd
May 2024)

Professor Chow Ching Fung

COMPANY NUMBER

237076

CORPORATE ADVISOR

Peterhouse Capital Limited
3rd Floor, 80 Cheapside
London EC2V 6EE

COMPANY SECRETARY

The R&H Trust Co. Limited
Windward 1
Regatta Office Park
P.O. Box 897GT
Grand Cayman, Cayman Islands

REGISTERED OFFICE

Windward 1, Regatta Office Park,
P.O. Box 897 GT. Grand Cayman,
Cayman Islands

AUDITOR

Pointon Young
Chartered Accountants
33 Ludgate Hill
Birmingham B3 1EH

BANKERS

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

REGISTRARS

Computershare Investor Services PLC
The Pavillions
Bridgwater Road
Bristol BS99 7NH

SOLICITORS

Stephenson Harwood
18/F United Centre
95 Queensway, Hong Kong

CRUSHMETRIC GROUP LIMITED

CONTENTS

	Page
Chairman's statement	1 – 4
Directors' report	5 – 9
Governance report	10 – 15
Remuneration committee report	16 – 20
Report from the audit committee	21 – 22
Independent auditor's report	23 – 27
Consolidated statement of comprehensive income	28
Consolidated statement of financial position	29
Consolidated statement of changes in equity	30
Consolidated statement of cash flows	31
Notes to the non-statutory group financial statements	32 - 72

CRUSHMETRIC GROUP LIMITED
CHAIRMAN’S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

The chairman presents his statement for the year ended 31 December 2023.

Dear Shareholders,

I report the results of the Group for the year ended 31 December 2023.

CRUSHMETRIC Group Limited, acts as the holding company of a group engaged in (i) design and production that integrates shape changing technology (“CRUSH”) into a catalogue of products that is designed and invented by the artist and co-founder of CRUSHMETRIC Limited, Noah Deledda. This technology is built on his own series of dented aluminum can sculptures and (ii) the sale and distribution of the CRUSHMETRIC products through online and offline channels worldwide.

Financial highlights

Revenue for the year ended 31 December 2023: HK\$6,884,086 (2022: HK\$10,826,825)

Loss for the year: HK\$67,855,735 (Loss for 2022: HK\$5,848,042)

The basic loss per share for the year: HK\$0.28 (loss per share for 2022: HK\$0.06)

The Group’s cash position as at 31 December 2023: HK\$521,605 (2022: HK\$128,658)

Review of significant activities

(i) Convertible Bond

(a) Renewal of Convertible Bond 1: Principal Amount USD650,000

On 19 July 2021, the Group entered into an extension agreement for the Convertible Bond. The maturity date has by agreement been extended to 19 July 2024 and the Coupon payment of the CB has been adjusted to six percent (6%) per annum payable in cash plus three percent (3%) per annum payable in Ordinary Shares of the Group for the first nine months from 20 January 2023 to 19 October 2023 and the Coupon payment of the CB will be six percent (6%) per annum payable in cash plus four percent (4%) per annum payable in Ordinary Shares of the Group for the period from 20 October 2023 to 19 July 2024. All other terms remain unchanged. This Convertible Bond was further extended to 19 July 2024.

(b) Convertible Bond 2: Principal Amount SGD250,000

On 24 February 2023, the Group entered into an agreement to issue an unsecured convertible bond (“the Bond”) to Future Vision Pte. Ltd (“Future”). Future has agreed to subscribe in cash for the Bond for a principal amount of SGD\$250,000 (approximately £150,820). The bond has a coupon of ten percent (10%) per annum.

The Bond, at the election of the Investor, may be converted into ordinary shares of the Group (“Underlying shares”) or will otherwise be redeemable at maturity on 23 February 2026 (“Maturity Date CB2”). The Bond shall be convertible into the Underlying Shares at an Exchange Price which is calculated at a GBP 0.2 per share where 50% of the Bond can be converted within the first year and the rest can be converted on the Maturity Date (CB2) at the discretion of the Investor.

CRUSHMETRIC GROUP LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

(c) Convertible Bond 3: Principal Amount USD1,000,000

On 11 April 2023, the Group entered into an agreement to issue an unsecured convertible bond ("the Bond") to Sky Solar HK Investments Limited ("Sky"). Sky has agreed to subscribe in cash for the Bond for a principal amount of USD\$1,000,000 (approximately £790,400). The bond has a coupon of ten percent (10%) per annum.

The Bond, at the election of the Investor, may be converted into ordinary shares of the Group ("Underlying shares") or will otherwise be redeemable three years from the date of receipt of the Principal Amount ("Maturity Date CB3"). The Bond shall be convertible into the Underlying Shares at an Exchange Price which is calculated at a GBP 0.2 per share where 50% of the Bond can be converted within the first year, 25% of the Bond can be converted in the second year and the rest of 25% can be converted on the Maturity Date (CB3) at the discretion of the Investor.

(ii) *New Tenancy Agreement*

On 23 April 2023, one of the group's subsidiaries, CRUSHMETRIC eCommerce (HK) Limited has signed a tenancy agreement with two years fixed terms for a new office located in Hong Kong.

(iii) *Legal Proceeding of a fellow subsidiary – Star Collaboration (Guangzhou) Limited*

There are two litigation and legal proceeding in one of the Group's subsidiaries, Star Collaboration (Guangzhou) Limited ("Star C"), where the Group holds 57% shares of this subsidiary. Details as below:

Distributor Disputes

1. In 2021, a distributor of Star C failed to comply with the distribution agreement, and as a result proceedings were issued and judgment given in favour of Star C for payment to it of RMB2,500,000 (Approximately GBP 286,000). Steps are being taken to recover the debt and costs.

2. There is a continuing liability under a judgment against Star C awarded in 2021 in favour of another distributor. The amount owing thereunder is RMB1,500,000 (equivalent to approximately GBP166,000) The Company is currently negotiating the payment terms with this distributor.

Financial review

(i) *Revenue, gross profit and other revenue*

The delay of the launch of the CRUSHMETRIC Tumblers in the current year resulted in lower revenue generated during the year. The Group's revenue for the year ended 31 December 2023 amounted to HK\$6,884,086 which represented a 36% decrease as compared to the year ended 31 December 2022 (approximately HK\$10,826,000 in 2022). It mainly included sale of CRUSHMETRIC products.

CRUSHMETRIC GROUP LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Group's gross profit and gross profit margin for the year ended 31 December 2023 amounted to HK\$4,996,344 and 73% (gross loss and gross loss margin 2022: HK\$4,404,354 and 41%) respectively. The Group's other revenue for the year ended 31 December 2023 amounted to HK\$46,191, and a decrease of 97% compared to the year ended 31 December 2022 because there was other income of the reversal of the accrued royalty fee from CRUSHMETRIC Limited last year.

(ii) Operating expenses

The Group's distribution costs for the year ended 31 December 2023 amounted to HK\$3,768,216 which increased by 858% as compared to the year ended 31 December 2022. The amount mainly consists of around \$2 million for events and advertisings to promote the Company's products and approximately \$1.2million paid as commission. The Group's administrative expenses for the year ended 31 December 2023 were approximately HK\$8,040,000 compared to approximately HK\$11,050,000 for the year ended 31 December 2022, a decrease of 27%.

(iii) Profit and profit per share

The Group's loss for the year amounted to HK\$67,855,735 (loss for 2022: HK\$5,848,042). As a result, the Group's basic loss per share for the year was HK\$0.28 (loss per share for 2022: HK\$0.06). The Directors do not recommend the payment of a dividend. The loss for the year significantly increased due to the recognition of impairment loss of Goodwill which amounted to \$58,798,718.

(iv) Balance sheet items

The Group's tangible fixed assets as at 31 December 2023 amounted to HK\$300,000 which mainly comprised of leasehold improvements, furniture and fixtures and office equipment. An increase of approximately HK\$79,000 over the balance as at 31 December 2022 was mainly due to the acquisition of moulds for the year.

The Group's goodwill as at 31 December 2023 was valued at HK\$235,194,874 with a decrease of approximately HK\$58,798,718 compared with HK\$293,993,592 as at 31 December 2022. The decrease was due to the recognition of an impairment loss of HK\$58,798,718 when management performed their required year end impairment review.

The Group's right-of-use assets and Lease liabilities-right-of-use assets as at 31 December 2023 amounted to HK\$718,150 and HK\$739,105 respectively which represented an increase of approximately HK\$348,000 and an increase of approximately HK\$348,000 respectively as compared to the year ended 2022. The increase was due to the new lease agreement signed during the year.

CRUSHMETRIC GROUP LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Group's inventories as at 31 December 2023 amounted to HK\$402,018 with an increase of approximately HK\$60,000 over the balance as at 31 December 2022. This was mainly due to the purchase of inventories during the year.

The Group's other receivables and prepayments as at 31 December 2023 amounted to HK\$1,116,808 with a decrease of approximately HK\$45,000 over the balance as at 31 December 2022.

The Group's trade payables as at 31 December 2023 amounted to HK\$3,249,124 with a decrease of HK\$1,070,000 over the balance as at 31 December 2022.

The Group's cash and cash equivalents increased from HK\$128,658 as at 31 December 2022 to HK\$521,605 as at 31 December 2023. For details of these movements, please refer to the Group's cash flow statement included in the non-statutory group financial statements.

Outlook

The Group has faced a decrease in sales in the first half year of 2023 not only due to the challenging market conditions but also because the Company has dedicated more resources for new product research and preparation. In the second half year, we've spent more resources in social media and marketing partners for promoting the CRUSHMETRIC series of products. The revenue in the second half year has increased, however, due to the delay of the launch of our new product – the Tumbler, the sales in the whole year of 2023 decreased by HK\$3.9 million. We believe that Tumbler is the Company's biggest and key product which will give the Company better margins.

We will continue to launch different popular colour variations of our SwitchPens and Tumblers to boost sales in the coming year. We also have changed the sales strategy that we will do more B2B and wholesale distribution which can bring us more sales revenue and reduce the marketing and logistic costs.

The Board will continue to take all reasonable efforts to ensure that sufficient working capital is maintained. The Board's objective is the same as previous year, which is to protect and safeguard as well as improve the business, to minimise cost and generate more sales income through online products.

On behalf of the Board of Directors, I would like to thank our management and staff for the great loyalty and dedication they continue to show through these delicate times. I would also like to extend our utmost appreciation to all our partners, shareholders, customers, business associates and suppliers, for their continued support.

Ivor Colin Shrago

Chairman

30 June 2024

CRUSHMETRIC GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the audited non-statutory group financial statements of the Group and its subsidiaries (the “Group”) for the year ended 31 December 2023.

Principal activities and business review

The nature of the Group’s operations and its principal activities are to act as the holding company of a group engaged in (i) design and production that integrates shape changing technology (“CRUSH”) into catalogue of products that is designed and invented by the artist and co-founder of CRUSHMETRIC Limited, Noah Deledda. This technology is built on his own series of dented aluminium can sculptures. (ii) the sale and distribution of the CRUSHMETRIC products through online and offline channels worldwide.

The Group’s revenue for the year ended 31 December 2023 amounted to HK\$6,884,086 which mainly contributed by the sale of CRUSHMETRIC SwitchPens and partly by the CRUSHMETRIC Tumblers. The Group’s loss for the year amounted to HK\$67,855,735. The basic loss per share for the year was HK\$0.28. The Group’s net cash position as at 31 December 2023 was HK\$522,000.

Financial highlights

	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	6,884	10,826
Gross profit/(loss)	4,996	4,405
Gross profit/(loss) margin	73%	41%
Administrative expenses	(8,040)	(11,050)
(Loss)/profit for the year	(67,856)	(5,848)
(Loss)/profit per share – basic (HK\$)	(0.28)	(0.06)

Results and dividends

Loss after taxation for the year ended 31 December 2023 amounted to HK\$67,855,735 (Loss for 2022: HK\$5,848,042).

The Directors do not recommend the payment of a dividend in respect of the period.

CRUSHMETRIC GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Directors

The Directors who held office during the year were:

Executive directors:

Ong Ban Poh Michael

Non-executive directors:

Ivor Colin Shrago – Chairman

Ow Dennis Kian Jing (Resigned on 3rd May 2024)

Professor Chow Ching Fung

Directors' interests

The Directors who served during the year and their interests in the Group's issued share capital were:

	Number of ordinary shares held as at 31 December 2023	Number of ordinary shares held as at 31 December 2022
<i>Executive directors:</i>		
Ong Ban Poh Michael (note a)	80,854,467	80,854,467
<i>Non-executive directors:</i>		
Ivor Colin Shrago	484,584	484,584
Ow Dennis Kian Jing	30,840	30,840
Professor Chow Ching Fung (note a)	28,290,546	28,290,505

Notes:(a) Professor Chow Ching Fung and Ong Ban Poh Michael own approximately 66% and 33% respectively of Megasia International Ltd, which owns 42,224,696 shares in CRUSHMETRIC Group Limited. Accordingly, Professor Chow Ching Fung and Ong Ban Poh Michael are deemed to be interested in all the shares held by Megasia International Ltd totaling 42,224,696. Together with shares held through Megasia International Limited, Mr. Ong holds in total 80,854,467 Ordinary Shares in the Company, representing 33.7% of the issued shares.

The Directors hold 45.7% of the issued share capital at 31 December 2023.

Senior management

The senior management who served during the period and their interests in the Group's issued share capital were:

	Number of ordinary shares held as at 31 December 2023	Number of ordinary shares held as at 31 December 2022
Ronnie Choi (Former CFO)	312,592	312,592
Professor He Zong Seng, senior consultant	1,221,061	1,221,061

CRUSHMETRIC GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Statement of directors' responsibilities

The Directors have elected to prepare the non-statutory group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the UK, which includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB"). The non-statutory group financial statements are prepared so as to give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing these non-statutory group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the non-statutory group financial statements;
- prepare the non-statutory group financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group. They are also responsible for the system of internal control, safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the CRUSHMETRIC Group Limited web site is the responsibility of the directors.

Principal risks and uncertainties

Interest rate risk and liquidity risk

The Company is funded by equity, maintaining all its funds in bank accounts. The Company's policy throughout the period has been to minimise the risk of placing available funds on bank current account.

The Company had no undrawn committed borrowing facilities at any time during the period.

Currency risk

The Company is directly exposed to currency risk of its investments, as they are based in Hong Kong with online business worldwide and exposed to movement against the Hong Kong Dollars and USD as their assets, liabilities, revenue and expenditure are denominated therein. The company is denominated in Hong Kong Dollars.

Market risk

The Company is exposed directly to market risk in relation to its investments, as the shares of the Company is currently listed on Aquis Stock Exchange in London United Kingdom.

Fair values

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash held by the company with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

CRUSHMETRIC GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors consider there to be no material difference between the book value of financial instruments and their values at the balance sheet date.

Risk management framework

The Company's board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Cost may be an appropriate estimation of fair value at the measurement date only in limited circumstances, such as for a pre-revenue entity when there is no catalyst for change in fair value, or the transaction date is relatively close to the measurement date. Other indicators include insufficient recent information, wide range of possible fair values and cost represents the best estimate

Financial assets and liabilities

During the year ended 31 December 2023, finance was improved by stricter working capital management in relation to the payment of creditors. By executing the business plan going forward, the Group anticipates that its principal sources of finance will comprise cash in the bank, borrowings and share placings. The main purpose of these is to enhance working capital for the group's operations and to finance the group's operations. Its main liabilities lie in trade payables.

Liquidity risks are managed by maintaining a balance between the continuity of funding and flexibility through the use of loans. The group makes use of money market facilities where funds are available at reasonable cost.

Trade receivables are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade payables are managed by ensuring that sufficient funds are available to meet amounts due from time to time.

Going concern

At the date of signing these non-statutory group financial statements, the Directors have prepared cash flow projections based on different growth scenarios in the underlying businesses of the Group. Following this review, the non-statutory Group financial statements have been prepared on a going concern basis since the Directors are satisfied that the Group has sufficient resources to continue to develop its business in the foreseeable future. Please see Note 3 Principal Accounting Policies for more details.

CRUSHMETRIC GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Annual general meeting

The annual general meeting of the Group will be held on 2 August 2024 at 4:00 pm (Hong Kong time).

Substantial shareholders

As at 30 June 2024, the Group has been notified the following beneficial interests of 5% or more in its shares:

Name of shareholder	Number of shares	% Of issued share capital and voting rights
Noah Deledda	69,683,082	28.99%
Ong Ban Poh Michael (note b)	66,920,317	27.84%
Megasia International Limited (note a)	42,224,696	17.57%
Computershare Company Nominees Limited (note b)	89,360,744	37.18%
Lim Yi Shenn	20,713,827	8.62%

(a) Professor Chow Ching Fung and Ong Ban Poh Michael own approximately 67% and 33% respectively of Megasia International Ltd, which owns 42,224,696 shares in CRUSHMETRIC Group Limited. Accordingly, Professor Chow Ching Fung and Ong Ban Poh Michael are deemed to be interested in all the shares held by Megasia International Ltd totaling 42,224,696.

(b) None of the shareholders' shareholding more than 5% individually through the nominees companies except Mr. Ong Ban Poh Michael who is holding 66,920,317 representing 27.84% of issued shares. Together with shares held through Megasia International Limited, Mr. Ong holds in total 80,854,467 Ordinary Shares in the Company, representing 33.64% of the issued shares.

Provision of information to auditor

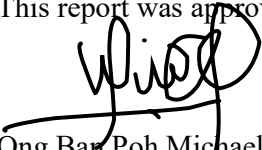
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- there is no relevant audit information of which the company and the group's auditor is unaware; and
- each director has taken all the steps that ought to have been taken as a director to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The Group's non-statutory auditors are Poynton Young, and they will be proposed for reappointment to the member at the Annual General Meeting.

This report was approved by the board on 30 June 2024 and signed on its behalf.


Ong Ban Poh Michael
Director
30 June 2024

CRUSHMETRIC GROUP LIMITED

GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

The UK Corporate Governance Code published by the Financial Reporting Council does not apply to the Group. The Directors recognise the importance of sound corporate governance and have developed governance policies appropriate for the size of the group, with reference to the main provisions of the Corporate Governance Guidelines for Smaller Quoted Companies published by the Quoted Companies Alliance.

The Group is a small group with a modest resource base. The Group has a clear mandate to optimise the allocation of limited resources to support its development plans. As such, the Group strives to maintain a balance between conservation of limited resources and maintaining robust corporate governance practices. As the Group evolves, the Board is committed to enhancing the Group's corporate governance policies and practices deemed appropriate for the size and maturity of the organisation.

Set out below are CRUSHMETRIC Group Limited's corporate governance practices for the year ended 31 December 2023.

Leadership

The Group is headed by an effective Board which is collectively responsible for the long-term success of the Group.

The role of the Board - The Board sets the Group's strategy, ensuring that the necessary resources are in place to achieve the agreed strategic priorities, and reviews management and financial performance. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. To achieve this, the Board directs and monitors the Group's affairs within a framework of controls which enable risk to be assessed and managed effectively. The Board also has responsibility for setting the Group's core values and standards of business conduct and for ensuring that these, together with the Group's obligations to its stakeholders, are widely understood throughout the Group. The Board has a formal schedule of matters reserved which is provided later in this report.

Board Meetings - The core activities of the Board are carried out in scheduled meetings of the Board and its Committees. These meetings are timed to link to key events in the Group's corporate calendar and regular reviews of the business are conducted. Additional meetings and conference calls are arranged to consider matters which require decisions outside the scheduled meetings. During 2023, the Board met on 12 occasions.

Outside the scheduled meetings of the Board, the Directors maintain frequent contact with each other to discuss any issues of concern they may have relating to the Group or their areas of responsibility, and to keep them fully briefed on the Group's operations. Such meetings are held either in person or zoom.

Matters reserved specifically for Board - The Board has a formal schedule of matters reserved that can only be decided by the Board. The key matters reserved are the consideration and approval of;

CRUSHMETRIC GROUP LIMITED

GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

- The Group's overall strategy;
- Financial statements and dividend policy;
- Management structure including succession planning, appointments, and remuneration (supported by the Nomination Committee);
- Material acquisitions and disposal, material contracts, major capital expenditure projects and budgets;
- Capital structure, debt and equity financing and other matters;
- Risk management and internal controls (supported by the Audit Committee);
- The Group's corporate governance and compliance arrangements;
- Corporate policies;

Certain other matters are delegated to the Board committees, namely the Audit, Remuneration and Nominations Committees.

Attendance at Board meetings;

Member	Meetings attended
Chow Ching Fung	12
Michael Ong Ban Poh	12
Dennis Ow Kian Jing	12
Ivor Colin Shrago	12

The Board is pleased with the high level of attendance and participation of Directors at Board and committee meetings.

CRUSHMETRIC GROUP LIMITED

GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Non-executive Directors - The non-executive Directors bring a broad range of business and commercial experience to the Group and have a particular responsibility to challenge independently and constructively the performance of the Executive management (where appointed) and to monitor the performance of the management team in the delivery of the agreed objectives and targets.

Non-executive Directors are initially appointed for a term of one year, which may, subject to satisfactory performance and re-election by shareholders, be extended by mutual agreement.

Delegations of authority

Board Committees - The Board has delegated matters to three committees namely Audit, Nomination and Remuneration Committees. The memberships, roles and activities of these committees are detailed in separate reports: the Audit Committee on page 21, the Nomination Committee, included within this report on page 13, the Remuneration Committee on page 16. Each committee reports to the Board and the issues considered at meetings of the committees are provided by the respective committee chairmen. The terms of reference of each committee are to be reviewed by the Board every other year.

Other governance matters - All of the Directors are aware that independent professional advice is available to each Director in order to properly discharge their duties as a director. In addition, each Director and Board committee has access to the advice of the Company Secretary.

The Company Secretary - The Company Secretary is the R&H Trust Co. Limited which is retained on a consultancy basis. The R&H Trust Co. Limited is available to Directors and responsible for the Board complying with UK procedures.

Effectiveness

The Board recognised that due to CRUSHMETRIC's current size, there is limited segregation of duties. In this context the Board will be reliant on the Acting Chief Financial Officer ("CFO"), Lilian Lo, to closely monitor the performance of the Group and to bring to its attention any material issues and transactions.

The Directors review the following management information (the "Management Information") on a monthly basis. This management information comprises:

- detailed income statement including budgeted figures;
- cash and bank balances;
- balance sheet;
- explanatory notes / commentary on major items of income statement, cash flow and balance sheet including debtors ageing analysis;
- variances from budgeted figures; and
- explanatory notes / commentary on major variances from comparing actual performance versus the budget.

CRUSHMETRIC GROUP LIMITED

GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Appointments – the Nomination Committee is responsible for reviewing and the structure, size and composition of the Board and making recommendations to the board with regards to any required changes.

Commitments – All Directors have disclosed any significant commitments to the Board and confirmed that they have sufficient time to discharge their duties.

Induction - All new Directors received an induction as soon as practical on joining the Board.

Conflict of interest - A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Group. The Board had satisfied itself that there is no compromise to the independence of those Directors who have appointments on the Boards of, or relationships with, companies outside the Group. The Board requires Directors to declare all appointments and other situations which could result in a possible conflict of interest.

Board performance and evaluation - The Group has a policy of appraising Board performance annually. Having reviewed various approaches to Board appraisal, The Group has concluded that for a Group of its current scale, an internal process in which all Board members submit answers to a questionnaire that considers the functionality of the Board, and its committees is most appropriate at this stage.

Accountability

The Board is committed to providing shareholders with a clear assessment of the Group’s position and prospects. This is achieved through this report and as required other periodic financial and trading statements. The Board has delegated to the Audit committee oversight of the relationship with the Group’s auditors as outlined in the Audit committee report on page 21.

Going concern - The Group’s business activities, together with factors likely to affect its future operations, financial position, and liquidity position are set out in the Chairman’s Statement, Operational Review and the Risks and Uncertainties section of the Annual Report. In addition, note 26 to the consolidated financial statements discloses the Group’s financial risk management practices with respect to its capital structure, liquidity risk, interest rate risk, credit risk, and other related matters.

CRUSHMETRIC GROUP LIMITED
GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors, having made due and careful enquiry, are of the opinion that the Group has adequate working capital to execute its operations and has the ability to access additional financing, if required, over the next 12 months. The Directors, therefore, have made an informed judgement, at the time of approving financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements in accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies.

Internal controls - The Board of Directors reviews the effectiveness of the Group's system of internal controls. The internal control system is designed to manage the risk of failure to achieve its business objectives. This covers internal financial and operational controls, compliances, and risk management. The Group has necessary procedures in place for the year under review and up to the date of approval of the Annual Report and Accounts. The Directors acknowledge their responsibility for the Group's system of internal controls and for reviewing its effectiveness. The Board confirms the need for an ongoing process for identification, evaluation and management of significant risks faced by the Group. A risk assessment for each project is carried out by the Directors before making any commitments.

The Audit Committee will regularly review and report to the Board on the effectiveness of the system of internal control. Given the size of the Group and the relative simplicity of the systems, the Board considers that there is no current requirement for an internal audit function. The procedures that have been established to provide internal financial control are considered appropriate for a Group of its size and include controls over expenditure, regular reconciliations, and management accounts.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Remuneration

The Board has delegated to the Remuneration Committee responsibility for agreeing the remuneration policy for senior executives. The Directors' remuneration report on pages 16 to 20 contains full details of the role and activities of the Remuneration Committee.

Nomination

The nomination committee comprises Ivor Colin Shrago (Chairman) and Dennis Ow Kian Jing.

Committee's Role

The Nomination Committee will review the composition and balance of the Board and senior management on a regular basis to ensure that the Board and senior management have the right structure, skills, and experience in place for the effective management of the Group's business and is expected to meet 4 times a year.

CRUSHMETRIC GROUP LIMITED
GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Main responsibilities

The main duties of the Nomination Committee are expected to be;

- Review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes;
- Succession planning for Directors and other senior executives;
- Identifying and nominating, for Board approval, candidates to fill Board vacancies as and when required;
- Reviewing annually the time commitment required of non-executive Directors; and
- Making recommendations to the Board regarding membership of the Audit and Remuneration Committee in consultation with the Chairman of each Committee.

Shareholder relations

Communication and dialogue – Open and transparent communication with shareholders is given high priority and there is regular dialogue with institutional investors, as well as general presentations made at the time of the release of the annual and interim results. All Directors are kept aware of changes in major shareholders in the Group and are available to meet with shareholders who have specific interests or concerns. The Group issues its results promptly to individual shareholders and also publishes them on the Group’s website: www.CRUSHMETRIC.com. Regular updates to record news in relation to the Group are included on the Group’s website.

Annual General Meeting - At every AGM individual shareholders are given the opportunity to put questions to the Chairman and to other members of the Board that may be present. Notice of the AGM is sent to shareholders at least 21 working days before the meeting.

Chow Ching Fung
Chairman
30 June 2024

CRUSHMETRIC GROUP LIMITED

REMUNERATION COMMITTEE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Remuneration Committee

The Group's Remuneration Committee comprised of 2 non-executive Directors: Ivor Colin Shrago (Chairman), and Dennis Ow Kian Jing and it met twice during the year to 31 December 2023.

Committee's main responsibilities

- The Remuneration Committee will consider the remuneration policy, employment terms and remuneration of the Directors and review the remuneration of senior management;
- The Remuneration Committee's role is advisory in nature, and it will make recommendations to the Board on the overall remuneration packages for Directors and senior management in order to attract, retain and motivate high quality executives capable of achieving the Group's objectives;
- The Remuneration Committee will also review proposals for any share option plans and other incentive plans, make recommendations for the grant of awards under such plans as well as approving the terms of any performance-related pay schemes;
- The Board's policy is to remunerate the Group's executives fairly and in such a manner as to facilitate the recruitment, retention, and motivation of suitably qualified personnel; and
- The Remuneration Committee, when considering the remuneration packages of CRUSHMETRIC's executives, will review the policies of comparable Companies in the industry.

Committee advisors

The Group will consult with the Group's major investors and investor representative Companies as appropriate. No Director takes part in any decision directly affecting their remuneration. No remuneration advisors were retained by the Remuneration Committee during the year.

CRUSHMETRIC GROUP LIMITED

REMUNERATION COMMITTEE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Statement of CRUSHMETRIC's policy on Directors' remuneration

The Group's policy is to maintain levels of remuneration so as to attract, motivate, and retain Directors and senior executives of the highest calibre who can contribute their experience to deliver industry leading performance with the Group's operations. The remuneration package for Executive Directors and non-executive Directors comprises of a base salary and pension contributions only.

Remuneration Components

For the year ended 31 December 2023 base salaries and pension contributions were the sole component of remuneration. The board will consider the components of Director remuneration during the year and following this review these are likely to consist of:

- Base salaries
- Pension and other benefits
- Annual bonus
- Share Incentive arrangements

Service Agreements and Letters of Appointment

All of the service contracts with Directors are on an evergreen basis, subject to termination provisions. The Group may in lieu of notice terminate a directors employment with immediate effect by making a payment which does not exceed a lump sum equal to basic salary and other benefits at the rate prevailing at the date of termination for a period which does not exceed 12 months. As a matter of Group policy, no bonuses shall accrue as a result of a lapse of time in the event of termination. The appointment of Directors is subject to termination upon at least three months' notice.

CRUSHMETRIC GROUP LIMITED

REMUNERATION COMMITTEE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Terms of appointment

The services of the Directors, provided under the terms of agreement with the Group dated as follows:

Director	Year of appointment	Number of years completed	Date of current engagement letter
Chow Ching Fung	2010	14	15/03/2010
Michael Ong Ban Poh	2010	14	15/03/2010
Dennis Ow Kian Jing	2010	14	13/06/2013
Ivor Colin Shrago	2010	14	14/12/2010

Consideration of shareholder views

The Remuneration committee considers shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Group's annual policy on remuneration.

Policy for new appointments

Base salary levels will take into account market data for the relevant role, internal relativities, their individual's experience, and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g., two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Committee may agree that the Group will meet certain relocation and/or incidental expenses as appropriate.

CRUSHMETRIC GROUP LIMITED

**REMUNERATION COMMITTEE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Set out below are the emoluments of the Directors for the year ended 31 December 2023 (HKD)(audited):

Name of Director	Short term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other	Total
Chow Ching Fung	-	-	-	-	-	-
Michael Ong Ban Poh	720,450	-	-	-	29,926	750,376
Dennis Ow Kian Jing	40,000	-	-	-	-	40,000
Ivor Colin Shrago	20,000	-	-	-	-	20,000

Set out below are the emoluments of the Directors for the year ended 31 December 2022 (HKD) (audited):

Name of Director	Short term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other	Total
Chow Ching Fung	-	-	-	-	-	-
Michael Ong Ban Poh	748,605	-	-	-	41,597	790,202
Dennis Ow Kian Jing	240,000	-	-	-	-	240,000
Ivor Colin Shrago	100,000	-	-	-	-	100,000

None of the remuneration paid was subject to performance conditions.

Other remuneration represents payments to Hong Kong Mandatory Provident Fund (MPF).

CRUSHMETRIC GROUP LIMITED

**REMUNERATION COMMITTEE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Other matters

The Group does not currently have any annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect.

The Group has not paid out any excess retirement benefits to any Directors or past Directors.

The Group has not paid any compensation to past Directors.

Approved on behalf of the Board of Directors.

Ivor Colin Shrago
Chairman of the Remuneration Committee
30 June 2024

CRUSHMETRIC GROUP LIMITED

REPORT FROM THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2023

The Audit Committee

The Audit Committee was established during the year and comprises of two Non-Executive Directors and oversees the Group's financial reporting and internal controls and provides a formal reporting link with the external auditors. The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the half-yearly reports remains with the Board.

Main Responsibilities

The Audit Committee acts as a preparatory body for discharging the Board's responsibilities in a wide range of financial matters by:

- Monitoring the integrity of the financial statements and formal announcements relating to the Group's financial performance;
- Reviewing significant financial reporting issues and accounting policies and disclosures in financial reports;
- Overseeing that an effective system of internal control and risk management systems are maintained;
- Ensuring that an effective whistle-blowing, anti-fraud and bribery procedures are in place;
- Considering the Group's internal audit requirements and make recommendations to the Board;
- Overseeing the Board's relationship with the external auditors and, where appropriate, the selection of new external auditors;
- Approving non-audit services provided by the external auditors, or any other accounting firm, ensuring the independence and objectivity of the external auditors is safeguarded when appointing them to conduct non-audit services;

Governance

At least one member of the Audit Committee has recent and relevant financial experience. Dennis Ow Kian Jing, who was appointed as Chairman of the Audit Committee has been working as the Senior Business Manager of Asia Pacific for the London Stock Exchange for over two years. As a result, the Board is satisfied that the Audit Committee has recent and relevant financial experience.

The Group's external auditors are Pointon Young, and the Audit Committee will closely monitor the level of audit and non-audit services they provide to the Group.

CRUSHMETRIC GROUP LIMITED

REPORT FROM THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2023

Meetings

In 2023, the Audit Committee met on 3 occasions.

The key work undertaken by the Audit Committee is as follows;

- Consideration and review of full-year and half-yearly results;
- Audit planning and update on relevant accounting developments;
- Consideration and approval of the risk management framework, appropriateness of key performance indicators;
- Review of the Group's Code of Business Conduct;
- Review the Audit Committee terms of reference;
- Review of the effectiveness of the Audit Committee; and
- Internal controls.

The Audit Committee has primary responsibility for making a recommendation on the appointment, reappointment, or removal of the external auditors. As such a review of external audit effectiveness will take place annually.

External auditor

The Group's external auditors are Pointon Young. The external auditors have unrestricted access to the Audit Committee Chairman. The Committee is satisfied that Pointon Young has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained. The external auditors report to the Audit Committee annually on their independence from the Group. In accordance with professional standards, the partner responsible for the audit is changed every five years. The current auditors, Pointon Young were appointed by the Group for the financial year ending 31 December 2021. Having assessed the performance objectivity and independence of the Auditors, the Committee will be recommending the reappointment of Pointon Young as auditors to the Group at the 2024 Annual General Meeting.

Ivor Colin Shrago
Chairman of the Audit Committee
30 June 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRUSHMETRIC GROUP LIMITED

Opinion

We have audited the financial statements of CRUSHMETRIC Group Limited and its subsidiaries (the "Group") for the year ended 31 December 2023, which comprise:

- the Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023;
- the Consolidated statement of financial position as at 31 December 2023;
- the Consolidated statement of changes in equity for the year then ended;
- the Consolidated statement of cash flows for the year then ended; and
- the Consolidated notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of the Group's loss for the period then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the UK;

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which explains, amongst other matters, that the Group is reliant on trading materially in line with projections and, should it fail to do so, on further support from shareholders, in particular the Directors who have agreed not to recall their loans in a manner that would prejudice the going concern of the Group and who have confirmed their ongoing support to the Group's business activities for the forthcoming twelve months. As stated in note 3, these events or conditions, along with the other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included the following:

- Reviewing the cashflow forecasts prepared by the Directors for the period up to June 2025, providing challenge to key assumptions and reviewing for reasonableness;
- A comparison of actual results for the year to past budgets to assess the forecasting ability and accuracy of the Directors;
- Reviewing post year-end EQS News Service announcements and held discussions with management on plans for raising finance and securing convertible bonds to fund the Group; and
- We have assessed the adequacy of going concern disclosures within the Annual Report and Accounts.

Further details of the Directors' assessment of going concern is provided in Note 3. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group's financial statements as a whole to be HK\$69,000 (2022: HK\$108,000) based on 1% of turnover.

We use a different level of materiality ('performance materiality') of HK\$41,400 (2022: HK\$64,800) to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We set performance materiality at 60% of overall financial statement materiality.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of HK\$3,450 (2022: HK\$5,400). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

We conducted a full scope audit, engaging where appropriate with component auditor in Hong Kong where the group conducts the majority of its operations.

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken by each of the components. We determined that there are six significant components of the Group, CRUSHMETRIC Group Limited, as an entity, Crushmetric eCommerce (HK) Limited, MiLOC Medical Jor 1 Limited, Star Collaboration (Guangzhou) Limited, Richmond Group Limited and Crushmetric Limited. CRUSHMETRIC Group Limited is a Cayman entity with no statutory audit requirement, transactions are limited to administrative and professional fees, these were provided by management to us, and we performed audit procedures accordingly. The other components are based in Hong Kong, and we engaged with the component auditor to direct the audit process for Crushmetric eCommerce (HK) Limited, MiLOC Medical Jor 1 Limited, Star Collaboration (Guangzhou) Limited, Richmond Group Limited and Crushmetric Limited. Following discussions held at the planning stage, we issued instructions to the component auditor that detailed the significant risks to be addressed through the audit procedures and indicated the information we required to be reported, we reviewed their working papers and discussed key findings. This, together with the audit procedures performed by ourselves at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We set out below, together with going concern which is included above in the section *Material uncertainty related to going concern*, those matters we identified as key audit matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How the scope of our audit addressed the key audit matter</i>
<p><i>Carrying value of intangible assets – Patent</i></p> <p>The carrying value of the Rorrigo asset as at 31 December 2021 was HK\$2.9 million. There was a risk that the Group may not be able to exploit the value of this asset which could mean the value of the asset is impaired. This asset was fully impaired as at 31 December 2022 and continued to be so at the current financial year end (31 December 2023).</p>	<p>The Rorrigo asset is carried at amortised cost. We held discussions with management to understand whether there were any changes to the valuation since the prior year when it was fully impaired.</p> <p>The Board of Directors reviewed the business of Rorrigo and confirmed that the Company had not generated sales from Rorrigo during the 2022 and 2023 financial year ends and the Group do not have any short term plans for business with Rorrigo in the next number of years. Therefore, the Rorrigo patent was fully amortised as at year ended 31 December 2022 and continues to be so.</p> <p>We concur with this treatment.</p>
<p><i>Carrying value of intangible assets – Goodwill</i></p> <p>The carrying value of Goodwill recognised in the current prior year as a result of the purchase of Crushmetric Limited was HK\$293,993,592, being the balance of consideration less the acquired net assets.</p> <p>There is significant accounting judgements and estimates in relation to the carrying value of this asset which is disclosed in note 13 to the financial statements. The key judgement is the director’s annual impairment review which resulted in an impairment loss of HK\$58,798,718) when the directors carried out there review for the financial year ending 31 December 2023.</p>	<p>We reviewed and discussed managements’ impairment review carried out at the financial year end 31 December 2023 particularly checking their discounted Profit and Loss Cashflow and the basis of their projections for the next five years.</p> <p>The directors believe goodwill was impaired by HK\$58,798,718 leaving a carrying value of HK\$235,194,874 as at 31 December 2023.</p> <p>We concur with this treatment.</p>
<p><i>Revenue recognition</i></p> <p>The Group recognised revenue from the sale of products. Revenue may be inappropriately recognised.</p>	<p>We reviewed the accounting policy and considered whether it is appropriate. We carried out audit procedures to test each revenue stream and that the accounting policy was appropriately applied.</p>
<p><i>Inventory valuation</i></p> <p>As disclosed in note 15 the Group holds inventory and its policy is to hold inventory at the lower of cost and net realisable value. Inventory may not be stated at the lower of cost and net realisable value.</p>	<p>We undertook procedures on a sample basis to:</p> <ul style="list-style-type: none"> (i) test the net realisable value of inventory to recent selling prices. (ii) agree cost to recent purchase invoices. (iii) make enquiries of management to determine whether any specific write downs were required having regard to the ageing of inventory. (iv) where the Group are no longer contracted to sell certain products, we ensured inventories of such products were appropriately written down at year end.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 directors

As explained more fully in the statement of directors' responsibilities, set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements.
- We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from AQSE Growth Market rules and Cayman Islands Company Law.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to: enquiries of management, review of board minutes and review of EQS News Service Announcements.

We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias was identified in relation to the valuation of biological assets and as noted above, we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.

As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 28th June 2024. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink, appearing to be 'Rakesh Chauhan', written in a cursive style.

Rakesh Chauhan FCCA (Senior Statutory Auditor)

For and on behalf of:

Pointon Young Chartered Accountants

33 Ludgate Hill

Birmingham

B3 1EH

30 June 2024

CRUSHMETRIC Group Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

	Notes	2023 <i>HK\$</i>	2022 <i>HK\$</i>
From continuing operations			
Revenue	4	6,884,086	10,826,825
Cost of sales		(1,887,742)	(6,422,471)
Impairment loss on inventory		-	-
Gross profit/(loss)		<u>4,996,344</u>	<u>4,404,354</u>
Other revenue	4	46,191	1,646,139
Distribution costs		(3,768,216)	(393,306)
Administrative expenses		(8,040,362)	(11,049,827)
Foreign exchange (loss)/gain net		(723,045)	(266,084)
Adjusted operating (loss)/profit	5	(7,489,088)	(5,658,724)
Impairment loss for intangible asset and goodwill		(58,798,718)	-
Impairment loss on trade receivable		(171,135)	(45,759)
Operating (loss)/profit		(66,458,941)	(5,704,483)
Profit on disposal of subsidiaries		242,357	-
Finance costs	6	(1,642,123)	(86,398)
Interest income		4,681	433
(Loss)/profit before taxation		(67,854,026)	(5,790,448)
Taxation	7	(1,709)	(57,594)
(Loss)/profit for the year		<u>(67,855,735)</u>	<u>(5,848,042)</u>
Other comprehensive income/(loss)			
Exchange differences arising from translation		278,675	1,010,343
Total comprehensive result for the year		<u>(67,577,060)</u>	<u>(4,837,699)</u>
(Loss)/profit for the year attributable to:			
The equity holders of the parent entity		(66,925,167)	(5,595,532)
Non-controlling interests		(930,568)	(252,510)
		<u>(67,855,735)</u>	<u>(5,848,042)</u>
Total comprehensive (loss)/profit for the year attributable to:			
The equity holders of the parent entity		(66,646,492)	(4,585,189)
Non-controlling interests		(930,568)	(252,510)
		<u>(67,577,060)</u>	<u>(4,837,699)</u>
(Loss)/profit per share – from continuing operations (HK\$)			
Basic	10	<u>(0.28)</u>	<u>(0.06)</u>

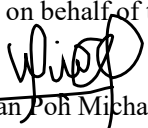
The accompanying accounting policies and notes numbered 1 to 28 form an integral part of these non-statutory group financial statements.

CRUSHMETRIC Group Limited
Consolidated Statement of Financial Position
As of 31 December 2023

	<i>Notes</i>	<u>As at 31 December 2023</u> <i>HK\$</i>	<u>As at 31 December 2022</u> <i>HK\$</i>
Assets			
<i>Non-current assets</i>			
Fixed assets	<i>11</i>	300,001	221,258
Other intangible assets	<i>12</i>	-	-
Right-of-use assets	<i>24</i>	718,150	370,640
Goodwill	<i>13</i>	235,194,874	293,993,592
		<u>236,213,025</u>	<u>294,585,490</u>
<i>Current assets</i>			
Inventories	<i>15</i>	402,018	341,561
Trade receivables	<i>16</i>	9,411	757,271
Other receivables and prepayments	<i>17</i>	1,116,808	1,162,149
Cash and cash equivalents	<i>19</i>	521,605	128,658
		<u>2,049,842</u>	<u>2,389,639</u>
Total assets		<u>238,262,867</u>	<u>296,975,129</u>
Equity and liabilities			
Equity			
Share capital	<i>20</i>	1,870,234	1,870,234
Share premium		392,450,040	392,450,040
Retained earnings		(208,215,501)	(141,569,009)
Equity attributable to the parent entity		<u>186,104,773</u>	<u>252,751,265</u>
Non-controlling interests		(1,471,970)	(541,646)
Total equity		<u>184,632,803</u>	<u>252,209,619</u>
Liabilities			
<i>Current liabilities</i>			
Trade payables		3,249,124	4,319,057
Other payables and accruals	<i>21</i>	30,883,251	31,961,020,
Taxation payable		59,302	57,594
Amounts due to directors	<i>18</i>	3,076,886	2,930,515
Lease liabilities	<i>24</i>	377,946	275,620
Borrowings	<i>22</i>	15,622,396	5,106,144
		<u>53,268,905</u>	<u>44,649,950</u>
<i>Non-current liabilities</i>			
Lease liabilities	<i>24</i>	361,159	115,560
Total liabilities		<u>53,630,064</u>	<u>44,765,510</u>
Total equity and liabilities		<u>238,262,867</u>	<u>296,975,129</u>

The accounts have been prepared in accordance with the provisions applicable to groups subject to the small group's regime. Approved by the Board of Directors on 30 June 2024

Signed on behalf of the Directors


Ong Ban Poh Michael
Director

The accompanying accounting policies and notes numbered 1 to 28 form an integral part of these non-statutory group financial statements.

CRUSHMETRIC Group Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Note s	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Retained earnings <i>HK\$</i>	Total <i>HK\$</i>	Non-controlling interests <i>HK\$</i>	Total Equity <i>HK\$</i>
At 1 January 2022		666,358	96,546,867	(136,983,820)	(39,770,595)	(289,136)	(40,059,731)
Comprehensive Income and Total Comprehensive Income							
Loss for the year		-	-	(5,595,532)	(5,595,532)	(252,510)	(5,848,042)
Exchange differences arising from translation		-	-	1,010,343	1,010,343	-	1,010,343
Transactions with owners							
Issuance of shares		1,203,876	295,903,173	-	297,107,049	-	297,107,049
At 31 December 2022 and 1 January 2023		1,870,234	392,450,040	(141,569,009)	252,751,265	(541,646)	252,209,619
Comprehensive Income and Total Comprehensive Income							
Loss for the year		-	-	(66,925,167)	(66,925,167)	(930,568)	(67,855,735)
Exchange differences arising from translation		-	-	278,675	278,675	-	278,675
Transactions with owners							
Incorporation of a subsidiary with third party		-	-	-	-	284	284
Elimination of non-controlling interest at disposal						(40)	(40)
At 31 December 2023		1,870,234	392,450,040	(208,215,501)	186,104,773	(1,471,970)	184,632,803

The share premium reserve represents the consideration that has been received in excess of the nominal value of shares on issue of ordinary share capital, net of issue costs.
The accompanying accounting policies and notes numbered 1 to 28 form an integral part of these non-statutory group financial statements.

CRUSHMETRIC Group Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	<i>Notes</i>	<u>2023</u> <i>HK\$</i>	<u>2022</u> <i>HK\$</i>
OPERATING ACTIVITIES			
Cash used in operations	23	(7,894,613)	(1,078,397)
INVESTING ACTIVITIES			
Purchase of fixed assets		(157,076)	(4,253)
Acquisition of subsidiaries, net of cash acquired		-	3,185
Interest received		4,681	433
Net cash used in investing activities		(152,395)	(635)
FINANCING ACTIVITIES			
Issuance of shares		-	1,590,000
Issuance of convertible bond		9,286,544	-
Repayment on leases		(446,210)	(555,778)
Interest paid		(401,447)	(283,751)
Net cash generated from financing activities		8,438,887	750,471
Net increase in cash and cash equivalents		391,879	(328,561)
Cash and cash equivalents at beginning of year		128,658	435,836
Effects of currency translation on cash and cash equivalents		1,068	21,383
Cash and cash equivalents at end of year		521,605	128,658

The accompanying accounting policies and notes numbered 1 to 28 form an integral part of these non-statutory group financial statements.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

1. CORPORATE INFORMATION

CRUSHMETRIC Group Limited (the ‘Group’) was incorporated in the Cayman Islands on 10 February 2010. Its registered office is the R&H Trust Co., Limited, One Capital Place, George Town, P.O. Box 897, Cayman Islands. The nature of the Group’s operations and its principal activities are to act as the holding company of a group engaged in(i) design and production that integrates shape changing technology (“CRUSH”) into catalogue of products that is designed and invented by the artist and co-founder of CRUSHMETRIC Limited, Noah Deledda. (ii) the sale and distribution of the CRUSHMETRIC products through online and offline channels worldwide.

CRUSHMETRIC Group Limited is listed on the Aquis Growth Market (AQSE) in the UK and is a group limited by shares.

The annual non-statutory group financial statements for the members were approved by the Board of Directors and authorised for issue on 30 June 2024 and are authorised to be signed on its behalf.

The financial information contained in these financial statements for the members is presented in Hong Kong Dollars (“HK\$”) and it is the functional currency of the Group.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards (‘IFRS’) as adopted by the UK, which includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IAS”) and Interpretations issued by the International Accounting Standards Board (“IASB”), and on the historical cost convention, unless otherwise indicated in this summary of significant accounting policies. The accounts of the parent company are not presented as part of these non-statutory group financial statements.

Standards and interpretations adopted during the year

During the financial year, the Company has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations that became effective for the first time.

Standard	Effective date, annual period beginning on or after
Amendments to IFRS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to IFRS 17 <i>Insurance Contracts</i> (Amendments to IFRS 17 <i>Insurance Contracts</i> and IFRS 4 <i>Insurance Contracts</i>)	1 January 2023
Classification of Liabilities as Current or Non-Current: Amendments to IAS 1 <i>Presentation of Financial Statements</i>	1 January 2023

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

Standard	Effective date, annual period beginning on or after
Amendments to IFRS 16 Leases	1 January 2024
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

The adoption of these standards is not expected to have any material impact on the financial statements of the Company.

3. PRINCIPAL ACCOUNTING POLICIES

The financial information has been prepared on the going concern basis of accounting which assumes adequate financial resources will be available to the Group for a period of at least twelve months from the date of approval of the non-statutory Group financial statements. In support of this assumption, the Directors have prepared detailed budgets and cash flow projections based on continuing operations and the Group's currently available cash and cash projected to be generated from its operations. Those budgets and cash flow projections include future estimated results from the 2022 expansion of the Group's Fast Moving Consumer Goods ("FMCG") and Designer products and have been reviewed and approved by the Board of Directors.

The ability of the Group to continue as a going concern for the foreseeable future is dependent on the ability of the Group to trade materially in line with its projections including the continuing trade under the new CRUSHMETRIC product range. In the event that the Group is unable to trade materially in line with its financial projections, further support would be sought from key shareholders, in particular the Directors who have agreed not to recall their loans in a manner that would prejudice the going concern of the Group and who have confirmed their ongoing support to the Group's business activities for the forthcoming twelve months from signing these non-statutory Group financial statements, there is a proven track record of the ability of the group to raise additional finance. A material uncertainty exists regarding the ability of the group to remain a going concern without the continued financial support from key shareholders and the ability to raise additional finance through the placing of shares.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Consolidation and business combinations

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2023. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Financial assets

The Group classifies its financial assets into the categories discussed below, depending on the purpose for which the asset was acquired. The Group only has financial assets classified as held at amortised cost. The financial assets comprise of trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held with banks, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position, unless there is a right of set-off between bank accounts across the Group. In this instance, the net cash position will be shown.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

These assets arise principally from the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. Trade receivables are recognised initially at the transaction price and other financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue. They are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a historical provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administration costs in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those for which credit risk has increased significantly, lifetime expected credit losses are recognised, unless further information becomes available contrary to the increased credit risk. For those that are determined to be permanently credit impaired, lifetime expected credit losses are recognised.

Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

All Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

(i) *Financial liabilities and equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRS.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Equity instruments issued by the Group are recorded at the proceeds received, net of share issue costs.

Impairment

(i) Financial assets

The Group always recognises lifetime expected credit losses ("ECL") for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For assets that have indefinite lives, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 risk specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that has been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill

In December 2023 the acquisition of CRUSHMETRIC Limited gave rise to goodwill in the consolidated financial statements. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Goodwill is assessed for impairment annually. Note 13 provides further detail on the impairment assessment for goodwill as at 31 December 2023.

Goodwill is initially measured at cost being the amount by which the aggregate of the consideration transferred that exceeds the net identifiable assets acquired and liabilities assumed. The Group assess for impairment of goodwill on an annual basis with any impairment charge recognised in the statement of comprehensive income.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Intangible assets separately acquired or acquired as part of a business combination are amortised over their estimated useful lives, using the straight-line basis, from the time they are available for use. The estimated useful lives for determining the amortisation charge take into account patent lives, where applicable, as well as the value obtained from periods of non-exclusivity. Asset lives are reviewed, and where appropriate adjusted, annually. Contingent milestone payments are recognised at the point that the contingent event becomes certain. Any development costs incurred by the Group and associated with acquired patents are written off to the income statement when incurred, unless the criteria for recognition of an internally generated intangible asset are met.

Where intangible assets are acquired by the Group from third parties the costs of acquisition are capitalised. Patents acquired with businesses are capitalised independently where they are separable and have an expected life of more than one year. Intangible assets are amortised on a straight-line basis over their estimated useful lives, not exceeding 20 years, except where the end of the useful economic life cannot be foreseen. Where intangible assets are not amortised, they are subject to annual impairment tests. Both initial valuations and valuations for subsequent impairment tests are based on established market multiples or risk-adjusted future cash flows discounted using appropriate interest rates. These future cash flows are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in these impairment reviews to change with a consequent adverse effect on the future results of the Group.

Intangible assets in respect of the licence of the quality management system are amortised over their useful lives which is assessed to be 10 years.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price of the asset and any directly attributable costs for bringing the asset to its working condition for its intended use. The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located and an appropriate proportion of production overheads.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

Leasehold improvements	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Motor vehicles	5 years

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

Taxation

(i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

Cash equivalents

For the purpose of the cash flow statement, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Inventories

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

Cost is calculated using the weighted average cost method and comprises all costs of purchase, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised costs less allowance for impairment of doubtful debts, except for where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Revenue recognition

The Group applies a variety of methods for revenue recognition, based on the principles set out in IFRS 15. The revenue and profits recognised in any reporting period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. In determining the amount of revenue and profits to record, and associated statement of financial position items (such as trade receivables and contract liabilities), management is required to review performance obligations within individual contracts.

Revenue is recognised either when the performance obligation in the contract has been performed (so ‘point in time’ recognition) or ‘over time’ as control of the performance obligation is transferred to the customer. For all contracts, the Group determines if the arrangement with a customer creates enforceable rights and obligations, which is in line with our contractual commitments.

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group’s performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group has assessed the period of time principles as follows:

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

- The customer becomes committed to pay the Group the moment that the goods are despatched and collected.
- The customer accepts that they are liable to pay for the transaction in full although it is the Group's responsibility to ensure that the shipment is in transit before invoicing.
- The customer can usually be invoiced on despatch/export and has an obligation to pay for services despite any problems that may arise in transit.
- The Group would hold any third party liable for any issues that happen in transit that is beyond its reasonable control.

Research and development costs

Research expenditure is recognised in the profit or loss account in the period which it is incurred.

Development expenditure is recognised in the profit or loss account in the period which it is incurred unless it meets the recognition criteria of IAS38 "Intangible Assets". Regulatory and other uncertainties generally mean that such criteria are not met. Where, however, the recognition criteria are met, intangible assets are capitalised and amortised on a straight-line basis over their useful economic lives from product launch.

Leases

IFRS 16 has introduced a single, on-balance sheet accounting model for lessees, eliminating the distinction between operating and finance leases. IFRS 16 has impacted how the Group accounts for leases under IAS 17.

The Group assesses at inception whether the contract is, or contains, a lease. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessment includes whether:

- the contract involves the use of an identified asset.
- the Group has the right to obtain substantially all the economic benefits from the use of the asset throughout the contract period; and
- the Group has the right to direct the use of the asset.

At the commencement of a lease, the Group recognises a right-of-use asset along with a corresponding lease liability.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the individual entities incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option based on operational needs and contractual terms. Subsequently, the lease liability is measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, lease incentives received and initial direct costs. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability.

The incremental borrowing rate is calculated on a lease-by-lease basis. The weighted average lessee's borrowing rate applied to the lease liabilities is 3.5% (2022: 3.7%)

Depreciation is calculated on a straight-line basis over the length of the lease. The Group has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the relevant lease. Right-of-use assets are presented within non-current assets on the face of the balance sheet, and lease liabilities are shown separately on the statement of financial position in current liabilities and non-current liabilities depending on the maturity of the lease payments.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This has replaced the previous requirements to recognise a provision for onerous lease contracts.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the profit or loss. Short term leases are leases with a lease term of 12 months or less.

Foreign currency translation

The Group's consolidated financial statements are presented in Hong Kong dollars, which is also the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit, or loss is also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(ii) Group companies

The functional currencies of all subsidiaries are Hong Kong dollars except for the subsidiary located in China which with Renminbi as their functional currencies.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided regularly to the Group's senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business. The Board of Directors are responsible for allocating resources and assessing the performance of the operating segments and makes strategic decisions for the Group.

Critical accounting estimates and judgment

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgement and other uncertainties affecting the application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the non-statutory group financial statements. The principal accounting policies are set out earlier in this note. Other than the assumptions relating to impairment test on goodwill, intangibles and inventory provisions, the Group believes the following critical accounting policies involve the most significant judgement and estimates used in the preparation of the non-statutory group financial statements.

Trade receivables

In accordance with IFRS 9, the Group assesses whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument both due within one year and more than one year as at the reporting date with the risk of a default occurring on the trade receivable as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group has trade receivables less provision for expected credit losses at the year-end of HK\$9,411 (2022: HK\$757,271).

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in (i) design and production that integrates shape changing technology (“CRUSH”) into catalogue of products that is designed and invented by the artist and co-founder of CRUSHMETRIC Limited, Noah Deledda. This technology is built on his own series of dented aluminium can sculptures. (ii) the sale and distribution of the CRUSHMETRIC products through online and offline channels worldwide.

Prior to June 2022, the Group was principally engaged in (i) the provision of TCM healthcare services, including consultations and TCM therapies, through a network of clinics in Hong Kong, and (ii) the sale and distribution of TCM healthcare and skincare products through wholesale outlets and TCM clinics, the Group’s retail store in Hong Kong and other non-related TCM retail outlets, as well as directly to customers through the Group’s online store. Revenue recognised during the year can be analysed as follows:

	2023	2022
	HK\$	HK\$
Revenue		
Sales of TCM and healthcare and skincare products	7,656	6,672
Sales of CRUSHMETRIC products	6,876,430	10,820,153
Provision of TCM healthcare services (clinic)	-	-
	<u>6,884,086</u>	<u>10,826,825</u>
Other revenue		
Management fee	-	-
Others	46,191	1,646,139
Reverse the provision of accrued royalty fee	-	-
	<u>46,191</u>	<u>1,646,139</u>
Total revenue and other revenue	<u><u>6,930,277</u></u>	<u><u>12,472,964</u></u>

2.76% of revenue (2022: 12.34%) generated from a China based distributor.

Prior to June 2022, the board of directors has determined that the business should comprise two business segments, namely, (1) revenues from the sales of TCM healthcare and skincare products and (2) TCM healthcare business. After the business restructuring in 2022, the board of directors has determined that the business should add one more segment, namely the CRUSHMETRIC products.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

(a) Segment results, assets and liabilities

The business is organised into three segments as above (Two segments prior to 2022). The financial information for each segment is provided to the executive management where the performance of each segment is reviewed and decisions on the allocation of resources to each segment are made.

The TCM Healthcare Services: this segment comprises the provision of TCM healthcare services, including consultations and TCM therapies. Currently, the Group's activities in this segment are carried out only in Hong Kong.

The Sale and Distribution of TCM Healthcare and Skincare Products: this segment operates wholesale outlets and TCM clinics, the Group's retail store in Hong Kong and other non-related TCM retail outlets, as well as the Group's online store. Currently, the Group's activities in this segment are carried out only in Hong Kong and China.

The Sale and Distribution of CRUSHMETRIC Products (since 2022): this segment comprises the sale and distribution of the CRUSHMETRIC Products including the SwitchPens worldwide.

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets. Segment liabilities include trade payables, other payables and accruals attributable to operating activities of the individual segments.

Revenue and expenses are allocated separately to each segment by reference to revenue generated by those segments and the expenses incurred by those segments. Segment 'other revenue and expenses' do not include the Group's interest income, finance costs and taxation expenses.

The table below explains the profit/(loss) from each segment and the contribution each makes towards the overall performance of the Group. In each case, finance costs, interest, taxation, head office and general expenses that are not specifically attributable to one or other of the segments, have been excluded. TCM activities were discontinued during the last financial year, balances were shown together as they were immaterial to the Group in the year ended 31 December 2022.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2023 and 2022 is set out below:

	For the year ended 31 December 2023		
	Sale of TCM Healthcare and Skincare Products	Crushmetric Product	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Revenue - External sales	7,656	6,876,430	6,884,086
Cost of sales	(6,046)	(1,881,696)	(1,887,742)
Impairment of inventory	-	-	-
Gross (loss)/profit	1,610	4,994,734	4,996,344
Other revenue	1,711	44,480	46,191
Distribution costs	-	(3,768,216)	(3,768,216)
Administrative expenses	(9,056)	(6,639,903)	(6,648,959)
Segment (loss)/profit	(5,735)	(5,368,905)	(5,374,640)
General group operating costs (including professional fees and directors' remuneration)			(2,114,448)
Operating loss			(7,489,088)
Impairment loss on goodwill			(58,798,718)
Impairment loss on trade receivable			(171,135)
Gain on disposal of subsidiaries			242,357
Finance costs			(1,642,123)
Interest income			4,681
Loss before taxation			(67,854,026)
Taxation			(1,709)
Loss for the year			(67,855,735)

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

For the year ended 31 December 2023

	Sale of TCM Healthcare and Skincare Products	Crushmetric Product	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Additions of			
- Fixed assets	-	157,076	157,076
Depreciation of			
- Fixed assets	2,787	75,241	78,028
Segment assets	<u>287,499</u>	<u>237,972,963</u>	<u>238,260,462</u>
Segment liabilities	<u>6,011,675</u>	<u>29,825,171</u>	<u>35,836,846</u>

For the year ended 31 December 2022

	Sale of TCM Healthcare and Skincare Products	Crushmetric Product	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Revenue - External sales	6,672	10,820,153	10,826,825
Cost of sales	(4,194)	(6,418,277)	(6,422,471)
Impairment of inventory	-	-	-
Gross profit	<u>2,478</u>	<u>4,401,876</u>	<u>4,404,354</u>
Other revenue	90,203	1,555,936	1,646,139
Distribution costs	-	(393,306)	(393,306)
Administrative expenses	(50,144)	(9,306,659)	(9,356,803)
Segment profit	<u>42,537</u>	<u>(3,742,153)</u>	<u>(3,699,616)</u>
General group operating costs (including professional fees and directors' remuneration)			<u>(1,959,108)</u>
Operating profit			(5,658,724)
Impairment loss on trade receivable			(45,759)
Finance costs			(86,398)
Interest income			433
Profit before taxation			<u>(5,790,448)</u>
Taxation			(57,594)
Profit for the year			<u>(5,848,042)</u>

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

For the year ended 31 December 2022

	Sale of TCM Healthcare and Skincare Products	Crushmetric Product	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Additions of			
- Fixed assets	-	246,054	246,054
Depreciation of			
- Fixed assets	2,787	24,704	27,491
Segment assets	<u>5,460,822</u>	<u>291,511,810</u>	<u>296,972,632</u>
Segment liabilities	<u>15,915,636</u>	<u>21,375,117</u>	<u>37,290,753</u>

(b) Reconciliation of reportable segment assets and liabilities

	As at 31 December 2023	As at 31 December 2022
	<i>HK\$</i>	<i>HK\$</i>
Assets		
Reportable segment assets	238,260,462	296,972,632
Unallocated head office and corporate assets	<u>2,405</u>	<u>2,497</u>
Consolidated total assets	<u>238,262,867</u>	<u>296,975,129</u>
Liabilities		
Reportable segment liabilities	35,836,846	37,290,753
Unallocated head office and corporate liabilities.	<u>17,793,218</u>	<u>7,474,756</u>
Consolidated total liabilities	<u>53,630,064</u>	<u>44,765,509</u>

(c) Revenue analysis by country

In addition to this, the board also considers segmental information from a geographic perspective.

	2023	2022
Hong Kong	<u>6,465,333</u>	<u>9,490,460</u>
Mainland China	405,333	1,336,365
Singapore	13,420	-
The People's Republic of China	<u>6,884,086</u>	<u>10,826,825</u>

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

5. ADJUSTED OPERATING PROFIT / (LOSS)

Adjusted operating loss is arrived at after charging/(crediting) the following:

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Auditor's remuneration	277,696	300,242
Cost of inventories expensed	1,880,048	6,381,136
Depreciation of fixed assets	78,028	27,491
Depreciation – right-of-use assets (note 24)	435,658	560,228
Impairment loss on inventory	-	-
Inventories written down	7,695	41,336
Royalty expenses	2,259	-
Exchange loss, net	723,045	266,083
	<u> </u>	<u> </u>

6. FINANCE COSTS

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Interest	(1,631,155)	(233,291)
Lease interest expenses	(10,968)	146,893
	<u>(1,642,123)</u>	<u>(86,398)</u>

The interest is generated from borrowings stated in Note 22.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

7. TAXATION

A reconciliation between tax expenses/(credit) and accounting profit at applicable tax rate is as follows:

	<u>2023</u> <i>HK\$</i>	<u>2022</u> <i>HK\$</i>
(Loss)/profit before taxation	(9,057,017)	(5,848,042)
Loss multiplied by standard rate of corporation tax in Hong Kong of 16.5%, China 25% and Cayman Islands/BVI 0%	(1,674,164)	(602,028)
Effect of:		
Items not deductible for tax purposes	1,015,374	900,148
Items deductible for tax purposes	(13,295)	(20,369)
Tax concession	(3,000)	(6,000)
Losses carried forward	676,794	(214,157)
	<u>1,709</u>	<u>57,594</u>

The amount of losses that are available but in respect of which no deferred tax asset has been recognised amounted to HK\$107,529,242 (2022: HK\$104,065,738). No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

8. STAFF COSTS (EXCLUDING DIRECTORS' EMOLUMENTS) AND EMPLOYEE BENEFITS

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Salaries, wages and other benefits	3,126,546	3,298,540
Contributions to defined contribution plan	245,641	302,369
	<u>3,372,187</u>	<u>3,600,909</u>

THE AVERAGE MONTHLY NUMBER OF EMPLOYEES, INCLUDING DIRECTORS DURING THE YEAR WAS AS FOLLOWS:

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Management and administration	14	14
Sales	6	6
	<u>20</u>	<u>20</u>

9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Salaries and other short-term benefits:		
-Salaries and allowances	780,450	1,088,605
-Retirement scheme contribution	29,926	41,598
	<u>810,376</u>	<u>1,130,203</u>

The Directors of the Group of the Group represent the Group's key management personnel. Each of Messrs. Professor Chow Ching Fung, Ong Ban Poh Michael, Ow Kian Jing Dennis and Ivor Colin Shrago entered into a service agreement with the Group for an initial term commencing from 20 December 2010.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

10. EARNINGS PER SHARE – BASIC

Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the group by the weighted average number of ordinary shares in issue during the year.

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
(Loss)/profit attributable to equity holders of parent entity	<u>(66,925,167)</u>	<u>(5,595,532)</u>
Number of shares		
Weighted average number of ordinary shares in issue	239,933,283	89,655,922
(Loss)/profit per share	<u>(0.28)</u>	<u>(0.06)</u>

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

11. FIXED ASSETS

	Leasehold improvements	Furniture & fixtures	Office equipment	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<i>Cost</i>				
At 1 January 2022		43,500	748,583	792,083
Disposals				
Change in exchange difference		-	(27,888)	(27,888)
Additions	-	-	246,054	246,054
At 31 December 2022	-	43,500	966,749	1,010,249
<i>Accumulated Depreciation</i>				
At 1 January 2022		43,500	694,711	738,211
Addition			48,360	48,360
Change in exchange difference		-	(25,071)	(25,071)
Charge for the year			27,491	27,491
At 31 December 2022	-	43,500	745,491	788,991
<i>Net book value</i>				
At 31 December 2022	-	-	221,258	221,258
<i>Cost</i>				
At 1 January 2023	-	43,500	966,749	1,010,249
Disposals	-	(3,300)	(47,748)	(51,048)
Change in exchange difference	-	-	(7,122)	(7,122)
Additions	-	-	157,076	157,076
At 31 December 2023	-	40,200	1,068,955	1,109,155
<i>Accumulated Depreciation</i>				
At 1 January 2023	-	43,500	745,491	788,991
Disposals	-	(3,300)	(47,748)	(51,048)
Change in exchange difference	-	-	(6,817)	(6,817)
Charge for the year	-	-	78,028	78,028
At 31 December 2023	-	40,200	768,954	809,154
<i>Net book value</i>				
At 31 December 2023	-	-	300,001	300,001

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

12. OTHER INTANGIBLE ASSETS

	Patent of Rorrico	Total
	HK\$	HK\$
<i>Cost</i>		
At 1 January 2022	5,000,000	5,000,000
At 31 December 2022	5,000,000	5,000,000
<i>Accumulated amortisation</i>		
At 1 January 2022	2,142,858	2,142,858
Amortisation for the year	2,857,142	2,857,142
At 31 December 2022	5,000,000	5,000,000
<i>Net book value</i>		
At 31 December 2022	-	-
<i>Cost</i>		
At 1 January 2023	5,000,000	5,000,000
At 31 December 2023	5,000,000	5,000,000
<i>Accumulated amortisation</i>		
At 1 January 2023	5,000,000	5,000,000
Amortisation for the year	-	-
At 31 December 2023	5,000,000	5,000,000
<i>Net book value</i>		
At 31 December 2023	-	-

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Patent of Rorrico:

In 2010, the Group acquired the intellectual property rights to Rorrico, a TCM for the treatment of influenza viruses, including the Influenza A virus and its sub-type virus, pandemic Influenza A (H1N1) or Swine flu. On 27 July 2011, the State Intellectual Property Office of the PRC granted the Rorrico Patent (the “Patent”).

Previously the Patent was not amortised as it was considered to be under development. On the basis of medical research performed in the year to 31 December 2016 on the Rorrico patent that proved its ability as a TCM for the treatment of the influenza virus, management began to amortise the patent over its remaining useful life of 14 years. Initial valuations and valuations for subsequent impairment tests are based on established market multiples or risk-adjusted future cash flows discounted using appropriate interest rates. These future cash flows are based on business forecasts and are therefore inherently judgmental. Future events could cause the assumptions used in these impairment reviews to change with a consequent adverse effect on the future results of the Group.

The main assumptions include future sales price and volume growth, product contribution and the future expenditure required to maintain the product’s marketability. These assumptions are based on past experience and are reviewed as part of management’s budgeting and strategic planning cycle for changes in market conditions and sales erosion through competition. The terminal growth rate applied of 3% is management’s estimates of future long-term average growth rate of the relevant markets. In each case the valuations indicate sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in an impairment of the Patent.

After the business restructuring, the Board of Directors reviewed the business of Rorrico and confirmed that the Company didn’t generate sales from Rorrico in 2022 and the Company do not have short term plan for business with Rorrico in the next few years. Therefore, the Rorrico patent was fully amortised as at year ended 31 December 2022.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

13. GOODWILL

	<u>2023</u>	<u>2022</u>
	<u>HK\$</u>	<u>HK\$</u>
Balance at the beginning of the year	293,993,592	293,993,592
Impairment for the year	<u>(58,798,718)</u>	<u>-</u>
Balance at the end of the year	<u>235,194,874</u>	<u>293,993,592</u>

On 15 December 2022 the Group acquired 100% of the equity interest of CRUSHMETRIC Limited which resulted in recognition of goodwill of HK\$293,993,592 (2022: 293,993,592). The cash generating unit associated with the goodwill is determined to be the assets associated with the investment in CRUSHMETRIC Limited.

Impairment tests for goodwill

Goodwill has been allocated for impairment testing purposes to a cash generating unit, being the net assets related to CRUSHMETRIC Limited.

The recoverable amounts of the cash generating unit has been determined based on a value-in-use calculation using discounted cash flow forecasts based on business plans prepared by management for a five-year period ending 31 July 2027.

The results of the management's year end impairment review as required by IAS 36 Impairment of Assets; the review indicated the projected value of CRUSHMETRIC Limited to exceed its carrying value. As a result an impairment loss HK\$58,798,718 has been recognised in the current financial year.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

14. INTEREST IN SUBSIDIARIES

As at the date of this report, the Company has the following subsidiary undertakings which make up the Group:

Name of subsidiary	Date and place of incorporation	%	Acquired from:	Principal activities
Interests held directly by the Company:				
<i>Cash generating unit:</i>				
Miloc Pharmaceutical Limited	20 November 2009, BVI	100%	Professor Chow Ching Fung	TCM sales and distribution
Miloc Medical Limited	16 March 2010, BVI	100%	Professor Chow Ching Fung	TCM Clinics
<i>Non-cash generating unit:</i>				
Miloc Biotechnology Limited	6 November 2009, BVI	100%	Professor Chow Ching Fung and ONG, Ban Poh Michael	Research and development
CRUSHMETRIC Limited	21 November 2022, Seychelles	100%	ONG, Ban Poh Michael, Noah Deledda and Lim Yi Shenn	Investment holding company
Interests held indirectly by the Company:				
<i>Cash generating unit:</i>				
CRUSHMETRIC eCommerce (HK) Ltd	9 March 2011, HK	100%	N/A	Retailing and wholesaling of Consumer Products
Miloc Medical Limited	24 January 2011, HK	100%	N/A	Dormant
Miloc Medical Jorl Limited	25 September 2007, HK	100%	Golden Ace Holdings Limited	Provision of Chinese medical services
Miloc Store Limited	18 October 2010, HK	100%	Golden Ace Holdings Limited	Retailing and wholesaling of health and related products

Star Collaboration (Guangzhou) Limited	28 April 2018, PRC	57%	N/A	Retailing and wholesaling of haircare products
Miloc Pharmaceutical (Guangzhou) Limited	26 June 2019, PRC	57%	N/A	Dormant
JC PLUS Limited	8 August 2019, HK	60%	NA	Retailing and wholesaling of lotus root drinks
CRUSHMETRIC Limited	28 August 2020, HK	100%	NA	Retailing and wholesaling of innovative products
CRUSHMETRIC INC	20 April 2022, USA	100%	NA	Supporting center
CRUSHMETRIC Ecommerce (SEA) Pte Ltd	11 March 2023, Singapore	51%	N/A	Retailing and wholesaling of innovative products
<i>Non-cash generating unit:</i>				
Smart Falcon Limited	3 December 2009, BVI	100%	He Yu and Professor He Zhong Sheng	Holding company of the intellectual property rights, including the Rorrico patent
Richmond Group Limited	18 January 2018, HK	57%	ONG, Ban Poh Michael	Investment holding company
CRUSHMETRIC eCommerce Pte Ltd	28 August 2022, Singapore	100%	N/A	Dormant

All entities listed above are included in the CRUSHMETRIC Group Limited consolidation. All entities listed above have same financial year end, 31 December.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Details of the Group's subsidiaries that have material non-controlling interests are set out below:-

	<u>2023</u>	<u>2022</u>
Percentage of ownership interest held by non-controlling interests:		
Richmond Group Limited	43%	43%
Star Collaboration (Guangzhou) Limited	43%	43%
JC Plus Limited	40%	40%
CRUSHMETRIC Ecommerce (SEA) Pte Ltd	49%	-
	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Loss for the year allocated to non-controlling interests:		
Richmond Group Limited	(250,961)	(333,902)
Star Collaboration (Guangzhou) Limited	(532,773)	82,244
JC Plus Limited	(1,642)	(4,852)
CRUSHMETRIC Ecommerce (SEA) Pte Ltd	(172,106)	-

The following tables illustrate the summarized consolidated financial information of the above subsidiaries. The amounts disclosed are before any inter-company elimination:

	Richmond Group Limited	Star Collaboration (Guangzhou) Limited	JC Plus Limited	Crushmetric Ecommerce (SEA) Pte Ltd
	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>SGD\$</i>
Revenue	-	397,928	-	2,302
Total expenses	195,073	1,877,708	4,105	19,436
Loss for the year	(583,630)	(1,518,155)	(4,105)	(17,740)
Current assets	17,873	225,725	40	3,337
Non-current assets	2,161,006	2,913	-	-
Current liabilities	2,145,236	13,527,174	67,285	20,977
Non-current liabilities	-	-	-	-
Net cash flow from / (used in) operating activities	11,317	(1,143,192)	-	(16,743)
Net cash flow from / (used in) investing activities	-	-	-	-
Net cash flow from / (used in) financing activities	-	1,216,171	-	19,000
Net decrease in cash and cash equivalents	11,317	(72,979)	-	2,257

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

15. INVENTORIES

The inventories as at 31 December 2023 and 2022 are as follows.

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Finished goods	402,018	341,561
Provision for the year	-	-
	<u>402,018</u>	<u>341,561</u>

16. TRADE RECEIVABLES

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Trade receivable	9,411	757,271
Less: provision for impairment of trade receivables	-	-
	<u>9,411</u>	<u>757,271</u>

17. OTHER RECEIVABLES AND PREPAYMENT

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Deposits paid	259,551	137,072
Other receivables	852,235	1,017,440
Prepayment	5,022	7,637
	<u>1,116,808</u>	<u>1,162,149</u>

Other receivables and Prepayment are expected to be recovered or recognised as expenses within one year. No amounts are past due or impaired.

18. RELATED PARTY TRANSACTIONS

Transactions between the Group and its related parties as at 31 December 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Amount due to directors	<u>3,076,886</u>	<u>2,930,515</u>

The above amounts are due to director of Company subsidiaries. The amounts are unsecured, interest free and repayable on demand.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Apart from the above amount from/to the directors, transactions between the Group and its related parties for the year ended 31 December 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Purchases from Green Health Supplement International Company	-	
Deposit received from Green Health Supplement International Company	775,580	972,000

At 31 December 2023, the trade payable to Green Health Supplement International Company is HK\$1,170,674 (2022: HK\$1,170,674)

Professor Chow Ching Fung, executive director, is a partner in Green Health Supplement International Company, a partnership company.

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2023 and 2022 comprise:

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Cash at bank and in hand	521,605	128,658

20. SHARE CAPITAL

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
<i>Authorised,</i> 100,000,000 ordinary shares of US\$0.001 each	780,000	780,000
<i>Allotted and fully paid:</i>		
No. of shares:		
At the beginning of the year	239,933,283	85,590,187
Issuance of shares	-	154,343,096
At the end of the year	<u>239,933,283</u>	<u>239,933,283</u>
Amount:		
At the beginning of the year	1,870,234	666,358
Issuance of shares	-	1,203,876
At the end of the year	<u>1,870,234</u>	<u>1,870,234</u>

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

21. OTHER PAYABLES AND ACCRUALS

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Contract liabilities	13,935,379	14,219,642
Accruals and other creditors	<u>16,947,872</u>	<u>17,741,378</u>
	<u>30,883,251</u>	<u>31,961,020</u>

Significant changes in the contract liabilities balance during the period are as follows.

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year	40,819	116,600
Increases due to cash received, excluding amounts recognised as revenue during the year	134,145	268,849

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

22. BORROWINGS

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Due within one year	<u>5,537,556</u>	<u>5,106,144</u>
	<u>5,537,556</u>	<u>5,106,144</u>
Due in more than one year but less than two years	<u>10,084,840</u>	<u>-</u>
	<u>10,084,840</u>	<u>-</u>

On 19th July 2016, the Company issued a redeemable convertible loan note. The key terms are as follows:

Issue date : 19 July 2016
Maturity date : 19 January 2018
Interest rate : 0% for first 12 months, 6% thereafter

On 29th December 2017, the Company revised principal terms are as follows:

Maturity date : 19 January 2019
Interest rate : 7.2% per annum

On 19th January 2019, the Company revised principal terms are as follows:

Maturity date : 19 January 2020
Interest rate : 8% per annum

On 19th January 2020, the Company revised principal terms are as follows:

Maturity date : 19 July 2021
Interest rate : from 20th January 2020 to 19th October 2020, 7% per annum
from 20th October 2020 to 19th July 2021, 7.5% per annum

Maturity date : 19 January 2023
Interest rate : from 20th July 2021 to 19th April 2022, 7.5% per annum
from 20th April 2022 to 19th January 2023, 8.5% per annum

Maturity date : 19 July 2024
Interest rate : from 20th July 2023 to 19th October 2023, 9% per annum in which 6% payable in terms of cash and 3% payable in terms of the Issuer's share
from 20th October 2023 to 19th July 2024, 10% per annum in which 6% payable in terms of cash and 4% payable in terms of the Issuer's share

The conversion right is contingent on whether the company achieves a listing on the main market of the London Stock Exchange. If this is achieved, then the note holder can convert the principal at a 20% discount to the opening share price on the main market.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

On the basis that the contingent derivative cannot be estimated reliably the company has present valued the cash flows inherent in the loan at the market rate of interest of 9% and assigned the residual value to the derivative instrument. At recognition, the fair value of the derivative element was HK\$345,000.

At 31 December 2022 and 2023 management considered listing was unlikely to be achieved and therefore the fair value of the derivative was HK\$nil. The interest on the loan to 31 December 2023 was HK\$753k (2022: HK\$233k).

On 24th February 2023, the Company issued a redeemable convertible loan note. The key terms are as follows:

Issue date : 24 February 2023
Maturity date : 23 February 2026
Interest rate : 10% per annum

On 11th April 2023, the Company issued a redeemable convertible loan note. The key terms are as follows:

Issue date : 11 April 2023
Maturity date : 10 April 2026
Interest rate : 10% per annum

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

23. CASH USED IN OPERATIONS

Reconciliation of loss before taxation to cash used in operations:

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
(Loss)/profit before taxation	(67,854,026)	(5,790,448)
Adjustments:		
Depreciation of fixed assets	513,686	587,718
Amortisation	-	2,857,143
Fixed asset write-off	-	-
Impairment loss for intangible assets and goodwill	58,798,718	-
Impairment loss of third party AR	(171,135)	-
Unrealised currency translation losses	282,498	991,778
Interest income	(4,681)	(433)
Interest expenses	1,642,598	233,291
Lease interest expenses	10,968	(146,893)
Operating cash flow before changes in working capital	<u>(6,781,374)</u>	<u>(1,267,844)</u>
(Increase) / decrease in inventories	(60,456)	(341,561)
(Increase) / decrease in trade receivables	747,860	4,639,365
(Increase) / decrease in other receivables and prepayments	200,688	3,352,448
(Decrease) / increase in trade payables	(1,069,933)	(762,557)
(Decrease) / increase in other payables and accruals	(1,077,769)	(5,729,378)
Decrease in amount due to directors	146,371	(968,870)
Cash generated/(used) in operations	<u><u>(7,894,613)</u></u>	<u><u>(1,078,397)</u></u>

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

24. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Reconciliation of liabilities arising from financing activities:

	Note	31 December 2022	Addition	Interest paid	Repayment on leases	Fair value movement / interest accrued	31 December 2023
Borrowings	22	5,106,144	9,286,544	(321,555)	-	1,551,263	15,622,396
Lease Liabilities	24	391,180	-	(192,476)	(427,935)	968,336	739,105
	Note	31 December 2021		Interest paid	Repayment on leases	Fair value movement / interest accrued	31 December 2022
Borrowings	22	5,156,604		(283,725)	-	233,265	5,106,144
Lease Liabilities	24	348,808		(161,267)	(541,403)	745,042	391,180

Right-of-use assets

The Group's leases consist primarily of property premises the average lease term is 2 years. There are no options to purchase at the end of the lease lives. In all cases, the lease obligations are secured by the lessor's title to the leased asset.

The right-of-use assets included in the statement of financial position are:

	<u>Property Premises</u> <i>HK\$</i>
Net carrying amount	
At 1 January	370,640
At 31 December	718,150
Depreciation charge at year end	
2023	435,658
2022	<u>560,228</u>

Total additions to right-to-use assets (through taking on new leases in the year were HK\$968,336 (2022 HK\$745,042).

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Lease liabilities included in the consolidated statement of financial position:

Current	377,946
Non-current	361,159
Total	739,105

Amount recognised in the consolidated income statement:

Depreciation on right-of-use Property Premises	435,658
Interest on lease liabilities	18,275
Total	574,603

The total cash outflow for leases during the current year was HK\$446,210 (2022: HK\$555,778), including HK\$18,275 (2021: HK\$14,375) of interest.

25. CAPITAL COMMITMENTS

The Company has formed a wholly owned subsidiary, in the People's Republic of China, MiLOC Pharmaceutical (Guangzhou) Limited, for which it has committed but has not yet contributed any capital. The registered capital of the subsidiary amounts to RMB1,000,000 (equivalent to approximately HK\$1,100,000).

26. FINANCIAL ASSETS AND RISK

The Group has exposure to credit risk, liquidity risk, interest rate risk and foreign currency risk as a result of its operations. The Board of Directors has overall responsibility for establishing and monitoring the Group's risk management policies and processes. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

All treasury transactions are reported to and approved by the Board. The Group does not enter into or trade financial instruments for speculative purposes.

The principal risks to which the Group is exposed are market risk including currency risk, credit risk, liquidity risk and interest rate risk.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

The Group has the following categories of financial assets and liabilities at the reporting date:

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Financial assets at amortised costs		
Trade receivables	9,411	757,271
Other receivables	839,781	1,017,440
Cash and cash equivalents	521,605	128,658
	<u>1,370,797</u>	<u>1,903,369</u>
Financial Liabilities		
	Loans and other payables	Loans and other payables
Financial liabilities		
Trade payables	3,249,124	4,319,057
Lease liabilities	739,105	391,180
Borrowings	15,622,396	5,106,144
Amount due to directors	3,076,886	2,930,515
Accruals	10,755,598	10,262,556
	<u>33,443,109</u>	<u>23,009,452</u>

The carrying value of financial instruments included in the above table approximates to their fair value.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations and is primarily attributable to its trade receivables. Any impairment of doubtful receivables is estimated by the Group's management based on prior experience and the current economic environment. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Trade receivables	9,411	757,271
Other receivables	839,781	1,017,440
Cash and cash equivalents	521,605	128,658
	<u>1,370,797</u>	<u>1,903,369</u>

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 no significant concentration of credit risk.

Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market prices. The principal ways in which the Group is exposed to such fluctuations are through currency risk and interest rate risk.

Interest rate risk

The Group is exposed to interest rate risk on cash and cash equivalents. Assuming that all other variables remain constant, an increase of 100 basis points in interest rates would have increased equity and profit and loss by HK\$5,216 (2022: HK\$1,287). A corresponding decrease would have an equal but opposite effect.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. See going concern assessment within the Directors' Report. The contractual cash flows of financial liabilities are considered to be equal to their carrying amount in the balance sheet, and the maturities are all expected to be within one year.

CRUSHMETRIC Group Limited
Notes to the non-statutory group financial statements
For the year ended 31 December 2023

Liquidity risk (continued)

	<u>2023</u>	<u>2022</u>
	<i>HK\$</i>	<i>HK\$</i>
Financial liabilities due within one year		
Trade payables	3,249,124	4,319,057
Amount due to directors	3,076,886	2,930,515
Accruals	10,755,598	10,262,556
Lease liabilities	739,105	391,180
Borrowings	-	-
	<u>17,820,713</u>	<u>17,903,308</u>

The settlement of the financial liabilities due within one year is reliant on future Company fundraising, the sale of inventory and the collection of trade receivables.

Currency risk management

The Group is exposed to currency risk on financial assets of HK\$278,770 (2022: HK\$225,274) that are denominated in currencies other than Hong Kong dollars.

The Group operates mainly out of Hong Kong and its operations are denominated in Hong Kong dollar and a majority of the assets and liabilities are in that currency. The only fluctuation to the reporting currency of HK\$ would be in relation to the translation at the year end to the reporting currency.

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement and equity of a 10% strengthening and weakening in HK\$ against all other currencies, with all other variables remaining constant. The sensitivity analysis includes only outstanding foreign currency denominated assets and liabilities and adjusts their translation at the balance sheet date for a 10% change in the applicable currency rate.

Under this assumption, with a 10% strengthening or weakening of HK\$ against all exchange rates, loss before taxation would have increased or decreased respectively by HK\$27,877 (2022: HK\$22,527).

27. CAPITAL MANAGEMENT

The Board's policy is to manage its overall capital so as to ensure that companies within the Group continue to operate as going concerns and to maintain sufficient financial flexibility to undertake planned productions and investments.

The Groups' capital structure currently represents the equity attributable to the shareholders together with the cash and cash equivalents. The structure is reviewed on a quarterly basis to ensure that an appropriate level of gearing is being used.

28. POST BALANCE SHEET EVENT

CONVERTIBLE BONDS (“CB”)

Renewal of Convertible Bond : Principal Amount USD650,000

The Company is at the stage of negotiating the renewal terms of this CB. This CB will be renewed with closer terms as past years. All other terms remain unchanged.

PRIVATE PLACINGS

In April 2024, the Group raised approximately HK\$546,000 (equivalent to approximately USD70,000 or GBP53,823) through private placings. The proceeds of these subscriptions have been used for general working capital purposes.

RESIGNATION OF NON-EXECUTIVE DIRECTOR AND CHANGE IN COMPOSITION OF BOARD COMMITTEES

On 3rd May 2024, Mr. OW, Dennis Kian-Jing (“Mr. OW”), Non-Executive Director, has resigned from the Company with immediate effect. He is leaving because of other personal and business commitments.

Mr. Ow was the chairman of the audit committee and a member of each of the remuneration and the nomination committee of the Company.

The committee functions will continue to be exercised and chaired by current Non-Executive Director, Ivor Shrago, after 3 May 2024. The Company Chief Executive Officer, ONG Ban Poh Michael, will become a member of each of the audit, remuneration and the nomination committees.