



香港通訊

HKC INTERNATIONAL HOLDINGS LIMITED

香港通訊國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code : 248



ANNUAL REPORT

2025



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Chan Chung Yee, Hubert
(Chairman & Chief Executive Officer)
Chan Chung Yin, Roy
Chan Ming Him, Denny
Wu Kwok Lam CPA, FCCA
Ip Man Hon
Lam Man Hau
Wan Man Lai, Polly

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chu Chor Lup
Chiu Ngar Wing FCCA, FCA, CPA (Practising)
Law Ka Hung
Wong Kwok Leung

COMPANY SECRETARY

Wu Kwok Lam CPA, FCCA

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
British West Indies

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14/F., Block B, Vita Tower
29 Wong Chuk Hang Road
Hong Kong

CAYMAN ISLANDS PRINCIPAL REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUDITOR

SHINEWING (HK) CPA Limited

HONG KONG BRANCH REGISTRAR

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

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
China Construction Bank (Asia)

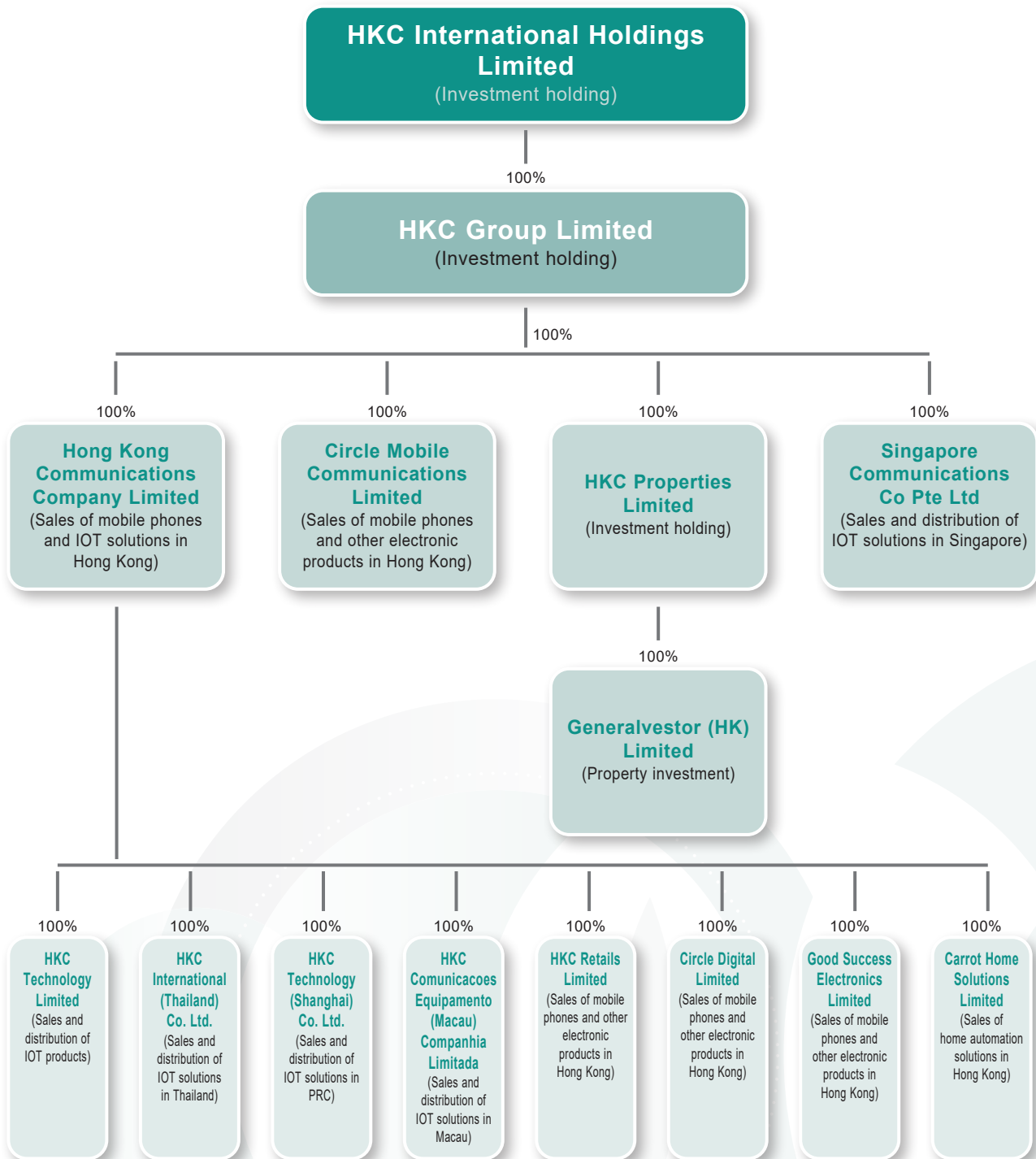
STOCK CODE

248

WEBSITE ADDRESS

<http://www.hkc.com.hk>

GROUP STRUCTURE



MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2025, the Group's turnover decreased by 51% to HK\$86 million (2024: HK\$176 million) and loss attributable to equity holders of the Company was HK\$27 million as compared with the loss of HK\$22 million for the year ended 31 March 2024. The increase in loss was mainly attributable to the decrease in revenue and gross profit.

SALES OF MOBILE PHONES

The turnover decreased from HK\$29 million to HK\$6 million during the year under review due to weak demand and the division recorded loss of HK\$4 million (2024: HK\$6 million).

SALES OF IOT SOLUTIONS

During the year under review, the turnover decreased from HK\$146 million to HK\$78 million and the division recorded loss of HK\$4 million (2024: profit of HK\$5 million).

PROPERTY INVESTMENT

During the year under review, the rental income increased from HK\$1.2 million to HK\$1.5 million and the division recorded loss of HK\$0.6 million (2024: HK\$2.6 million).

PROSPECTS

Regarding the mobile phone business, we are the authorised distributors of both Nokia and vivo brands. We expect that the sales for the coming year will be weak due to declining overall demand.

For IOT solutions segment, the market uncertainty will persist to impact the market demand. We will implement strict cost controls to ensure operational discipline.

Regarding the property investment segment, the weak demand of the leasing market continues to impact occupancy rate and the rental income.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2025, the Group's cash and bank balances amounted to approximately HK\$12 million (2024: HK\$25 million) while the bank borrowings were HK\$133 million (2024: HK\$159 million). The Board believes that the Group has sufficient cash balances and banking facilities to satisfy its commitments and working capital requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

GEARING RATIO

The gearing ratio was 61% (2024: 66%) which is expressed as a percentage of total borrowings to shareholders' equity.

CAPITAL STRUCTURE

There was no change to the Group's capital structure for the year ended 31 March 2025.

CAPITAL EXPENDITURE

During the year, the Group spent HK\$0.1 million on property, plant and equipment.

EMPLOYEES

As at 31 March 2025, the total number of employees of the Group was 83 (2024: 100) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$17 million (2024: HK\$18 million). The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. The Group maintains a good relationship with its employees.

PLEDGE OF ASSETS

As at 31 March 2025, the Group's general banking facilities were secured by (1) first legal charge on certain leasehold land and buildings with total carrying value of HK\$46,691,000 (2024: HK\$47,783,000), (2) first legal charge on certain investment properties with total fair value of HK\$146,900,000 (2024: HK\$165,200,000), (3) bank deposits of HK\$2,765,000 (2024: HK\$2,765,000) and (4) financial assets at FVTPL with total fair value of HK\$9,340,000 (2024: HK\$9,206,000).

FOREIGN EXCHANGE FLUCTUATIONS

The Group's assets and liabilities are mainly denominated in Hong Kong Dollars, Chinese Renminbi and Singapore Dollars. Income and expenses derived from operations in PRC and Singapore are mainly denominated in Chinese Renminbi and Singapore Dollars respectively. There is no significant exposure to the fluctuations of foreign exchange rates, but the Group is closely monitoring the financial market and would consider appropriate measures if required. The Group has no hedging arrangement for foreign currencies and has not involved in the financial derivatives.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 31 March 2025, the Company had provided corporate guarantees of HK\$138 million (2024: HK\$138 million) to secure general banking facilities granted to the subsidiaries.

DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2025, nor any dividend been proposed since the end of the reporting period (2024: nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 27 August 2025 to Friday, 29 August 2025 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 26 August 2025.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year.

APPRECIATION

The Board would like to extend its sincere gratitude to the Company's shareholders, business counterparts and all management and staff members of the Group for their contribution and continued support during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. CHAN Chung Yee, Hubert, aged 65, joined the Group in 1987. He is the chairman and chief executive officer of the Company and is responsible for the formulation of corporate strategies and business development of the Group and effective running of the Board. He has over 30 years of experience in the information and communications technology industry. Mr. Chan obtained a Bachelor's Degree in Industrial Engineering from the University of Hong Kong, an Executive Master of Business Administration from the Hong Kong University of Science and Technology and a DBA from the Hong Kong Polytechnic University. Mr. Chan is also very active in promoting the telecommunications industry in Hong Kong. He is the former Chairman of the Communications Association of Hong Kong from 2006 to 2012. He is the elder brother of Mr. Chan Chung Yin, Roy.

Mr. CHAN Chung Yin, Roy, aged 63, joined the Group in 2005. He graduated from the University of Toronto, Canada with a Bachelor's Degree in Computer Science and has over 20 years of experience in the information and communications technology. He is the younger brother of Mr. Chan Chung Yee, Hubert.

Mr. WU Kwok Lam, aged 63, joined the Group in 1989 and is the general manager and chief financial officer of the Group. He earned his MBA degree from Murdoch University, Australia and has over 30 years of extensive experience in the accounting and finance field. He is also an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Wu is also the company secretary of the Company.

Mr. CHAN Ming Him, Denny, aged 66, joined the Group in 1999 with over 20 years of experience in the telecommunications industry in China. He graduated from McMaster University, Canada with a Master's Degree in Engineering.

Mr. IP Man Hon, aged 58, is the chief technical officer. He joined the Group in 1991 with over 25 years of experience in product development and management. He obtained a Master Degree of Science in Engineering (Communication Engineering) from the University of Hong Kong and a MBA degree (Information Technology Management) from the Hong Kong Polytechnic University.

Mr. LAM Man Hau, aged 54, joined the Group in 2015 with over 20 years of experience in intelligent system control, system integration, home and building automation. He is the general manager of Carrot Home Solutions Limited and is responsible for sales management, product marketing and business development. He earned his Bachelor Degree of Science from University of California, Berkeley in the United States and Master Degree of Science from the University of Hong Kong.

Ms. Wan Man Lai, Polly, aged 49, joined the Group in 1995. She is responsible for initiatives to support the company's operations, staffing and recruitment, talent development and employee engagement. Ms. Wan obtained a Master degree in Management (Human Resource Management) from the Hong Kong Polytechnic University.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHIU Ngar Wing, aged 71, joined the Group in 2002. He is a practising accountant. He is an associate member of the Hong Kong Institute of Certified Public Accountants. He is a director of T.C. Ng & Co. CPA Ltd. and has been practicing in the company for more than 40 years.

Dr. CHU Chor Lup, aged 72, joined the Group in 2001. He is a practising doctor. He is a fellow of Hong Kong College of Physician and Hong Kong Academy of Medicine and Royal College of Physician (Glasgow). He has been the member of the Hospital Governing Committee from 1997 to 2022.

Dr. LAW Ka Hung, aged 70, joined the Group in 2012. He was awarded a Master of Science degree from Warwick University in July 1988 and a Doctor of Business Administration degree from the Hong Kong Polytechnic University in November 2001. He has been admitted as a full member of the Hong Kong Computer Society since January 1989. He has been the independent non-executive director of Baguio Green Group Ltd (stock code: 1397) from 22 May 2014 to 31 May 2023.

Mr. WONG Kwok Leung, aged 66, joined the Group in 2023. He has extensive experience in Telecom industry. Mr. Wong has taken several regional management roles in multinational companies providing hardware and software solutions to telecom operators. Mr. Wong worked in Tecnomen Corporation, a Finnish company providing multimedia messaging solutions to telecom operators from 1995 to 2002. Mr. Wong was the Head of the Greater China region. Mr. Wong joined Comptel Corporation in 2002, a Finnish company providing operational support system to telecom service providers. Mr. Wong was the APAC North Regional Director heading the business in the region from 2002 to 2014. Mr. Wong joined Ascom Network Testing in 2014, a Swiss company providing telecom network testing solutions to telecom operators. Mr. Wong was the Account Director managing key accounts in the region. Mr. Wong has been the Director of Hong Kong Pacific Technology Limited since 2016 providing business consulting service to various companies and industries. Mr. Wong graduated from University of Hong Kong with a Bachelor of Science degree in Industrial Engineering in 1982. He obtained his master degree in Business Management from University of South Australia in 2000 and Telecom Mini MBA program from Informa Management & Leadership Academy in 2007.

CORPORATE GOVERNANCE REPORT

The Board considers that good corporate governance is central to safeguarding the interests of the shareholders, customers, employees and other stakeholders of the Group. The Company had complied throughout the year ended 31 March 2025 with the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except the following provisions:

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not segregate the roles of chairman and chief executive officer and Mr. Chan Chung Yee, Hubert currently holds both positions. The Board believes that vesting the roles of chairman and chief executive officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

Code provision A.6.7 stipulates, among other things, that the independent non-executive directors and other non-executive directors should attend general meetings. Mr. Chiu Ngar Wing and Dr. Chu Chor Lup did not attend the annual general meeting of the Company held on 23 August 2024 due to their other commitments.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Security Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard as set out in Model Code throughout the year ended 31 March 2025.

BOARD OF DIRECTORS

The Board comprises seven executive directors namely Mr. Chan Chung Yee, Hubert, Mr. Chan Chung Yin, Roy, Mr. Chan Ming Him, Denny, Mr. Wu Kwok Lam, Mr. Ip Man Hon, Mr. Lam Man Hau and Ms. Wan Man Lai, Polly and four independent non-executive directors, namely Mr. Chiu Ngar Wing, Dr. Chu Chor Lup, Dr. Law Ka Hung and Mr. Wong Kwok Leung. Mr. Chiu Ngar Wing possesses appropriate professional accounting qualifications and financial management expertise. Mr. Chan Chung Yee, Hubert, is the elder brother of Mr. Chan Chung Yin, Roy. Save as disclosed, there is no relationship among the members of the Board.

Ms. Wan Man Lai Polly was appointed on 1 November 2024. She obtained the legal advice from a firm of solicitors qualified to advise the requirements under the Listing Rules that are applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 29 October 2024. Ms. Wan has confirmed that she understood her obligations as a director of the listed issuer.

The Company has received from each of its independent non-executive directors a written confirmation of his independence and the Company considers each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

Newly appointed directors will receive orientation including key legal requirements and the Company's policies and guidelines. The Company provides funding to directors for attending appropriate training to develop and refresh their knowledge and skills and keeps training records for each director.

The company secretary is responsible for supporting the Board by ensuring good information flow within the Board. All directors have access to the advice and services of the company secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed. The company secretary has arranged appropriate directors and officers liability insurance coverage for the directors and continuously updates all directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and maintain good corporate governance practice.

The Board held nine meetings during the year and the attendance records of individual director are as follows:

| Executive directors: | Number of meetings attended |
|--|------------------------------------|
| Chan Chung Yee, Hubert | 9/9 |
| Chan Chung Yin, Roy | 9/9 |
| Chan Ming Him, Denny | 6/9 |
| Wu Kwok Lam | 9/9 |
| Ip Man Hon | 0/9 |
| Lam Man Hau | 9/9 |
| Wan Man Lai Polly (appointed on 1 November 2024) | 2/2 |
| Independent non-executive directors: | |
| Chiu Ngar Wing | 6/9 |
| Chu Chor Lup | 0/9 |
| Law Ka Hung | 0/9 |
| Wong Kwok Leung | 0/9 |

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Chan Chung Yee, Hubert currently holds both positions. The Board believes that vesting the roles of chairman and chief executive officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies.

TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors has entered into a letter of appointment with the Company for a term of one year. All the independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company and the corporate governance code under the Listing Rules.

CORPORATE GOVERNANCE REPORT

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the articles of association of the Company, at least one-third of the directors shall retire from office by rotation at each annual general meeting provided that every director shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for re-election. Any director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

REMUNERATION COMMITTEE

The members of the remuneration committee comprise Dr. Chu Chor Lup, Mr. Chiu Ngar Wing and Mr. Wu Kwok Lam and Mr. Chiu Ngar Wing is the chairman of the remuneration committee. Dr. Chu Chor Lup and Mr. Chiu Ngar Wing are independent non-executive directors.

The remuneration committee is mainly responsible for making recommendations to the Board on the remuneration packages of individual executive directors and senior management and determining the policy for the remuneration of executive directors, assessing the performance of executive directors and approving the terms of executive directors' service contracts. One meeting of the remuneration committee had been held in the year under review. The individual attendance of members are as follows:

| Name of members | Number of meeting attended |
|-----------------|----------------------------|
| Chiu Ngar Wing | 1/1 |
| Chu Chor Lup | 1/1 |
| Wu Kwok Lam | 1/1 |

A share option scheme ("Scheme") was adopted by the shareholders pursuant to a resolution passed on 26 August 2022. 88,280,000 share options have been granted and accepted by eight directors and fifty two employees of the Group (collectively, the "Grantees"). The vesting period of all share options is longer than one year. The terms of the Scheme are complied with the provisions of Chapter 17 of the Listing Rules. The purpose of the Scheme is to enable the Company to grant options to the eligible participants as incentives or rewards for their contribution or potential contribution to the development and growth of the Group, in particular:

- to motivate the eligible participants to optimize their performance efficiency for the benefit of the Group, and
- to attract and retain the eligible participants whose contribution are or will be beneficial to the long-term growth of the Group.

Eligible participants are any full-time or part-time employees (including any directors, whether executive or non-executive and whether independent or not) of the Group.

By offering the eligible participants an opportunity to obtain an equity interest in the Company, the interests of the eligible participants and the Company become aligning and thereby providing them with incentive to work better for the interests of the Group.

CORPORATE GOVERNANCE REPORT

Performance target

There is no performance target attached to the share options. The share options to be granted will give the Grantees an opportunity to have their own shares of the Company, which will help motivate the Grantees in improving their performance and efficiency. The Grantees and number of options to be granted are determined based on the work performance and potential of the Grantees. In view of the aforementioned, the Remuneration Committee considered the grant of the share options aligned with the purpose of the Scheme.

Clawback mechanism

There is no clawback mechanism attached to the share options. Having considered that (i) the Grantees are Directors of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group; and (ii) the share options are subject to certain vesting conditions and terms of the Scheme, which already covers situations where the share options will lapse in the event that the Grantees cease to be Directors of the Group, the Remuneration Committee believes that even without clawback mechanism, the grant could align the interests of the Grantees with that of the Company and the shareholders of the Company, provide incentives or rewards for their contribution or potential contribution to the Group, which is in line with the purposes of the Scheme.

NOMINATION COMMITTEE

The nomination committee comprises three independent non-executive directors namely, Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Dr. Law Ka Hung and Dr. Chu Chor Lup is the chairman of the nomination committee. The major duty of the committee is to review the structure, size and composition of the Board and identify and nominate qualified individuals for appointment as additional directors or to fill vacancies as and when they arise. One meeting of the nomination committee had been held in the year under review. The individual attendance of members are as follows:

| Name of members | Number of meeting attended |
|-----------------|----------------------------|
| Chiu Ngar Wing | 1/1 |
| Chu Chor Lup | 1/1 |
| Law Ka Hung | 1/1 |

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company's audit committee comprises four independent non-executive directors namely, Mr. Chiu Ngar Wing, Dr. Chu Chor Lup, Dr. Law Ka Hung and Mr. Wong Kwok Leung and Mr. Chiu Ngar Wing is the chairman of the audit committee. During the year, the audit committee reviewed the unaudited condensed interim financial statements for the six months ended 30 September 2024 and the audited consolidated financial statements for the year ended 31 March 2025 and discussed with the management and the external auditors the audit plans, the internal control and financial reporting matters which may affect the Group. A total of two meetings were held in the year under review and the individual attendance of members are as follows:

| Name of members | Number of meetings attended |
|-----------------|-----------------------------|
| Chiu Ngar Wing | 2/2 |
| Chu Chor Lup | 2/2 |
| Law Ka Hung | 2/2 |
| Wong Kwok Leung | 2/2 |

INTERNAL CONTROL

The Board is of the opinion that a sound internal control system will contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations and will assist the Board in the management of any failure to achieve business objective.

Business plans and budgets are prepared annually by the management of each business unit and are subject to review and approval by the executive directors of the Company. Plans and budgets are reviewed on a monthly basis to measure actual performance against the budget. When setting budgets and forecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks. Different guidelines and procedures have been established for the approval and control of operating expenditures, capital expenditures and the unbudgeted expenditures and acquisitions.

The executive directors of the Company review monthly management reports on the financial results and key operating statistics of each business unit and hold periodical meetings with the senior management of each business unit and the finance team to review these reports, discuss business performance against budgets, forecasts and market conditions, and to address accounting and finance related matters.

The Board is responsible for internal control of the Group and for reviewing its effectiveness. Procedures have been designed to safeguard assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for management use and for publication, and ensure compliance of applicable laws, rules and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

For the year under review, the Board has reviewed the effectiveness of the Group's internal control system and performed evaluation of the principles and controls of the Group's control environment, risk assessment, control activities, information and communication and monitoring so as to ensure that key business and operational risks are identified and managed. Significant findings on internal controls are reported to the audit committee every year.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITY AND ACCOUNTABILITY OF THE BOARD

The Board is responsible for formulating business strategies and monitoring the performance of the business of the Group. Other than the daily operational decisions which are delegated to the members of the senior management of the Group, most of the corporate decision of the Company are made by the Board.

The Board also acknowledges the responsibility for preparing all information and representation contained in the consolidated financial statements of the Company for the year under review. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted and the financial statements complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently. As at 31 March 2025, the directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the ability of the Company to continue as a going concern basis. The statement of the external auditors of the Company about the reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on page 31 of the annual report of the Company for the year ended 31 March 2025.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

AUDITOR'S REMUNERATION

An analysis of the remuneration of the Company's auditor, SHINEWING (HK) CPA Limited and other auditors for the year ended 31 March 2025 is set out below:

| | HK\$'000 |
|--------------------|------------|
| Audit services | 620 |
| Non-audit services | 44 |
| | <u>664</u> |

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with article 64 of the Company's article of association, one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, can request to convene an extraordinary general meeting. Such requisition shall be made in writing to the directors or the secretary for the purpose of requiring an extraordinary general meeting to be called by the directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the directors shall be reimbursed to the requisitionist(s) by the Company.

COMMUNICATION WITH SHAREHOLDERS

The Board recognized the importance of good communication with the shareholders of the Company. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of channels, which include publication of interim reports, annual reports, announcements and circulars. The developments of each line of the Group's business are presented under "Management discussion and analysis" section of the interim reports and annual reports to enable the shareholders to have a better understanding of the Group's business activities.

The Company welcomes shareholders to attend the annual general meetings and express their view. The chairman of the Board as well as other Board members together with the external auditors are available to answer shareholders' questions.

CONSTITUTIONAL DOCUMENTS

There is no change in the memorandum and articles of association of the Company during the year under review and up to the date of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This report introduces the Group's policies and measures regarding environmental, social and governance issues and is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules.

A. ENVIRONMENTAL

A1: Emissions

The Group is a non-production Company and the business activities do not involve air and greenhouse gas emissions (except from electricity consumption and staff travelling), discharges into water and land, and generation of hazardous waste.

A2: Use of Resources

We are committed to foster the sustainable use of the earth's resources and minimize as far as commercially practicable any adverse impact on the environment. We encourage our employees to reduce wastage and adopt of 4R policies to reduce, reuse, recycle and replace. Established procedures include:

- Using products with energy saving label
- Using recycled or recyclable literature and packaging materials
- Recycling of electronic components and electronic products which are harmful to the environment
- Collection of recyclable products and rechargeable batteries and sending to the collection points or stations
- Donation of computer devices and accessories to charitable organisations
- Reducing business travel by using audio/video-conferencing equipment

We have been awarded the following certificates by Environmental Campaign Committee:

1. Good Level, Wastewi\$e Certificate, Hong Kong Green Organisation Certification, and
2. Good Level, Engergywi\$e Certificate, Hong Kong Green Organisation Certification.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The water and electricity consumption during the reporting period is as follows:

| | Electricity Consumption | | Water Consumption | |
|------------------|-------------------------|----------------|------------------------|------------------------|
| | 2025 KwH | 2024 KwH | 2025 M ³ | 2024 M ³ |
| Hong Kong | 108,025 | 138,664 | 46 | 65 |
| Mainland China | 41,550 | 42,271 | 337 | 313 |
| Singapore (Note) | 23,110 | 21,950 | — | — |
| | 172,685 | 202,885 | 383 | 378 |

Note: The water was provided by the building management. Since there was no separate charge, no figure is available.

There were no significant amounts of packaging material used for finished products during the reporting period.

A3: The Environment and Natural Resources

Save as disclosed in section A2 above, the Group's operating activities have no significant impact on the environment and natural resources.

A4: Climate Change

The Group acknowledged that the extreme weather caused by climate change could affect business operations in various ways, such as physical damage to facilities and supply chain disruption.

The Group is dedicated to reduce energy consumption and wastage from daily operations. We are not aware of any current specific regulatory requirements that may impose significant risks to the Group's operations. We will identify and review risks regularly to mitigate and manage any emergent and significant risks.

The Group has established a standard policy to provides guidelines on the arrangements for work under typhoons and rainstorms.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIAL

B1: Employment

We regard honesty, integrity and fair play as our core values that must be upheld by all directors and staff (including full-time, part-time and temporary staff) of the Group at all times.

Our workforce by age group and geographical regions is as follows:

| Age Group | Mainland | | | Total |
|-------------|-----------|-------|-----------|-------|
| | Hong Kong | China | Singapore | |
| Below 30 | 3 | 4 | 1 | 8 |
| 30 to 39 | 7 | 8 | 7 | 22 |
| 40 to 49 | 11 | 6 | 2 | 19 |
| 50 to 59 | 18 | 4 | 1 | 23 |
| 60 or Above | 8 | 0 | 3 | 11 |
| | 47 | 22 | 14 | 83 |

All staff is permanent and full time. The labour turnover rate is 3% (2024: 5%).

B2: Health and Safety

To ensure our employees' health and safety, we observed all the requirements under the Occupational Safety and Health Ordinance. There was no fatality or work injury during the reporting period.

B3: Development and Training

We provided an average of 5 training hours to each employee. To encourage the staff for continuing education, all staff is eligible for tuition fee refund program for attending job-related courses including short courses, workshops, degree programmes up to the master's level.

B4: Labour Standards

Our human resources policies comply strictly with relevant guidelines, legislation and codes of conducts and practice, including prohibiting child labour or forced labour for any position. The Group maintained good relationship with the employees. There was no legal case brought against the Company or our employees for violation of laws or regulations during the reporting period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B5: Supply Chain Management

The fundamental goal for supply chain management is to obtain the right products and services for the stated purpose; at the right time, place and cost; in a manner that balances the overall requirements for economy, transparency and accountability and the needs of line management for flexibility and responsiveness to their particular operational circumstances. This activity is accomplished with the highest level of ethical standards for fair and equitable treatment of suppliers providing goods and services to the Group.

We maintain a list of qualified suppliers. They are subject to our periodical review for product quality, safety, business reputation and other criteria.

B6: Product Responsibility

We strictly abide to all applicable laws and regulations for our products and services. Periodically, our quality control staff will visit the suppliers' factories for inspection of production processes and testing the product samples before delivery.

To ensure the quality of our products and services, we conduct customer satisfaction survey to monitor our performance and ensure that our products and services meet the customers' expectation and needs. There was no products or services recalls for safety and health reasons during the reporting period.

B7: Anti-corruption

Our staff handbook includes the codes of conduct setting out the basic standard of conduct expected of all directors and staff, and the Company's policy on personal data protection, acceptance of advantage and handling of conflict of interest when dealing with the Company's business. These codes and practice are adapted from the Sample Code of Conduct issued by the Independent Commission Against Corruption and Codes of Practice issued by the Office of the Privacy Commission for Personal Data. We will introduce to all new staff by our Human Resources Department during orientation session.

Any employee can report alleged irregularities and concerns of a general, operational or finance nature in accordance with Group's whistleblower policy.

There was no legal case regarding corrupt practices brought against the Company or our employees during the reporting period.

B8: Community Investment

We provide financial assistance through financial contributions and equipment donations, collaborate with charities and encourage our employees to participate in volunteer activities.

We have been awarded "15 Years Plus Caring Company" logo by The Hong Kong Council of Social Service to recognise our efforts to promote corporate social responsibility.



REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report together with the audited consolidated financial statements for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding Company. The principal activities of its subsidiaries are set out in note 38 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2025 are set out in the consolidated statement of comprehensive income on page 34.

The directors do not recommend the payment of a dividend in respect of the years ended 31 March 2025 and 2024.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent HK\$130,000 (2024: HK\$1,266,000) on property, plant and equipment. The Group has not written off its property, plant and equipment.

Details of the movements in property, plant and equipment of the Group during the year are set out in note 17 on the consolidated financial statements.

Particulars of the leasehold land and buildings of the Group as at 31 March 2025 are set out on page 116.

INVESTMENT PROPERTIES

Details of the movements in investment properties of the Group during the year are set out in note 18 on the consolidated financial statements.

Particulars of the investment properties of the Group as at 31 March 2025 are set out on page 116.

DISTRIBUTION RESERVES

Distributable reserves of the Company as at 31 March 2025, calculated under the Companies Laws of the Cayman Islands amounted to HK\$122,315,000 (2024: HK\$123,228,000).

BORROWINGS

Particulars of the borrowings of the Group at the end of the reporting period are set out in note 29 on the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 31 on the consolidated financial statements.

DONATIONS

No donations were made by the Group during the year under review.

DIVIDEND POLICY

In considering the payment of dividends, the Board shall maintain adequate cash reserves for meeting its working capital requirements, future business growth as well as rewarding the shareholders of the Company.

In proposing any dividend payout, the Board shall take into account the financial performance and cash flow situation of the Group, future expansion plans and capital requirements, interests of shareholders, any restrictions on payment of dividends and any other factors that the Board may consider relevant.

The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's memorandum and articles of association.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands.

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:

Chan Chung Yee, Hubert – chairman and chief executive officer
Chan Chung Yin, Roy
Chan Ming Him, Denny
Wu Kwok Lam
Ip Man Hon
Lam Man Hau
Wan Man Lai, Polly

Independent non-executive directors:

Chiu Ngar Wing
Chu Chor Lup
Law Ka Hung
Wong Kwok Leung

REPORT OF THE DIRECTORS

In accordance with article 108 of the articles of association or the code on corporate governance practices under the Listing Rules, Mr. Chan Man Him, Denny, Mr. Wu Kwok Lam, Ms. Wan Man Lai, Polly, Mr. Chiu Ngar Wing, Dr. Chu Chor Lup and Dr. Law Ka Hung will retire by rotation and being eligible for re-election at the forthcoming annual general meeting. All of them have offered themselves for re-election. The nomination committee has recommended to the Board of directors that they are all eligible for re-election.

None of the directors of the Company has entered into a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Other than the interests disclosed in note 36 on the consolidated financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its current independent non-executive directors an annual confirmation of his independence and the Company considers each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

- (a) As at 31 March 2025, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in shares and underlying shares of the Company

| Name of Director | Number of shares held | | Number of underlying shares held under equity derivatives (Note 1) | Total | Approximate percentage of interest |
|------------------------|--|--|---|-------------|------------------------------------|
| | Personal interests (held as beneficial owner) | Corporate interests (interests of controlled corporation) | | | |
| Chan Chung Yee, Hubert | 659,740,159 | 22,012,087 (Note 2) | 12,000,000 | 693,752,246 | 55.71 |
| Chan Chung Yin, Roy | 93,795,191 | — | 2,520,000 | 96,315,191 | 7.73 |
| Chan Ming Him, Denny | 2,616,991 | — | 2,620,000 | 5,236,991 | 0.42 |
| Ip Man Hon | 1,537,598 | — | — | 1,537,598 | 0.12 |
| Lam Man Hau | 625,000 | — | 8,488,000 | 9,113,000 | 0.73 |
| Wu Kwok Lam | 3,000 | — | 9,772,000 | 9,775,000 | 0.79 |
| Wan Man Lai, Polly | 145,000 | — | 3,724,000 | 3,869,000 | 0.31 |
| Chiu Ngar Wing | — | — | 1,200,000 | 1,200,000 | 0.10 |
| Chu Chor Lup | — | — | 1,200,000 | 1,200,000 | 0.10 |
| Law Ka Hung | — | — | 1,200,000 | 1,200,000 | 0.10 |

REPORT OF THE DIRECTORS

Notes:

- (1) These underlying shares of the Company held under equity derivatives represented the share options granted by the Company under its share option scheme. Particulars of these share options and their movements during the year ended 31 March 2025 are set out in note 36 to the consolidated financial statements.
- (2) These shares were held by Light Emotion Limited, a Company owned by Mr. Chan Chung Yee, Hubert and his wife, Josephine Liu.
- (3) Same as disclosed above, as at the end of the reporting period, none of the directors and chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2025, the interests and short positions of the substantial shareholders of the Company (other than the directors and the chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

| Name | Number of Shares (long position) (Note 1) | Capacity/ nature of interest | Approximate percentage of interest |
|-----------------------------------|---|---------------------------------|--|
| Josephine Liu (Note 1) | 693,752,246 | Interests of spouse | 55.71 |
| Chan Low Wai Han, Edwina (Note 2) | 96,315,191 | Interests of spouse | 7.73 |

Notes:

- (1) Ms. Josephine Liu is the wife of Mr. Chan Chung Yee, Hubert. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Ms. Josephine Liu is deemed to be interested in all the shares in which Mr. Chan Chung Yee, Hubert is interested.
- (2) Mrs. Chan Low Wai Han, Edwina is the wife of Mr. Chan Chung Yin, Roy. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Mrs. Chan Low Wai Han, Edwina is deemed to be interested in all the shares in which Mr. Chan Chung Yin, Roy is interested.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from those disclosed under the section heading "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures" above, at no time during the year under review or up to the date of this report was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debenture of the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March, 2025, the aggregate revenue attributable to the Group's five largest customers accounted for approximately 87% by value of the Group's total revenue and the revenue attributable to the Group's largest customer was approximately 59% of the total revenue. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 40% by value of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 21% by value of the total purchases.

None of the directors of the Company, any of their associates or any shareholders (which to the best knowledge of the directors owns more than 5% of the Company's share capital) has any beneficial interest in any of the Group's five largest customers or five largest suppliers.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" in the annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the directors as at the date of this annual report, the Company has maintained the prescribed public float as prescribed under the Listing Rules.



REPORT OF THE DIRECTORS

AUDITOR

SHINEWING (HK) CPA Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditor of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors

Chan Chung Yee, Hubert

Chairman

Hong Kong, 27 June 2025

INDEPENDENT AUDITOR'S REPORT



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

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

TO THE MEMBERS OF HKC INTERNATIONAL HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of HKC International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 34 to 114, which comprise the consolidated statement of financial position as at 31 March 2025, and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Cont'd)

Valuation of investment properties

Refer to note 18 to the consolidated financial statements and the accounting policies on page 46.

The key audit matter

The aggregate fair values of the Group's investment properties as at 31 March 2025 amounted to approximately HK\$146,900,000. The decrease in fair values recorded in the consolidated statement of comprehensive income for the year ended 31 March 2025 amounted to approximately HK\$18,300,000. The Group's investment properties, which are located in Hong Kong, comprise industrial premises, commercial premises and residential premises. The fair values of the Group's investment properties were assessed by the management based on independent valuations prepared by an external property valuer. We identified valuation of investment properties as a key audit matter because of the significance of investment properties to the Group's consolidated financial statements and because the determination of the fair values involves significant judgment and estimation, including selecting the appropriate valuation methodology and market data.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of investment properties included the following:

- evaluating the competence, capabilities, objectivity and independence of the external property valuer;
- evaluating the valuation methodology used by the external property valuer based on our knowledge for similar types of properties;
- discussing the valuations with the external property valuer and challenging key estimates adopted in the valuations, including those relating to estimated market price, by comparing them with recent market transacted price, taking into consideration of comparability and other local market factors; and
- testing, on a sample basis, the arithmetical accuracy of the calculations.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Cont'd)

Impairment of contract assets and trade receivables

Refer to notes 21 and 22 to the consolidated financial statements and the accounting policies on pages 47 to 53 and 72.

The key audit matter

As at 31 March 2025, the Group recorded contract assets of approximately HK\$104,324,000 and trade receivables of approximately HK\$13,838,000, net of loss allowance of approximately HK\$1,946,000 and approximately HK\$1,218,000 respectively.

The Group has adopted ECL model to estimate the loss allowance of contract assets and trade receivables. Management performed periodic assessment on the sufficiency of loss allowance individually and collectively based on provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial condition, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period. Management also considered forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the ECL.

The measurement of ECL requires the application of significant judgement and assumptions, such as probability of default and forward looking information.

We have identified the estimate of ECL of contract assets and trade receivables as a key audit matter because of its significance to the consolidated financial statements and the corresponding uncertainty inherent in such estimates.

How the matter was addressed in our audit

Our procedures in relation to impairment of contract assets and trade receivables included the following:

- obtaining the ECL calculation and discussing with management to understand the ECL model adopted;
- evaluating techniques and methodology in the ECL model against the requirements of HKFRS 9;
- assessing, on a sample basis, whether items in the ageing report and past due information were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant invoices and credit period;
- reviewing and assessing the application of the Group's policy for calculating the ECL;
- assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowance; and
- engaging an independent auditor's expert to assist us to review the appropriateness and reasonableness of the ECL calculation prepared by the management of the Group.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Cont'd)

Revenue recognition from smart systems construction service

Refer to note 7 to the consolidated financial statements and the accounting policies on pages 55 to 57.

The key audit matter

How the matter was addressed in our audit

One of the Group's significant revenue streams is derived from smart systems construction service. During the year ended 31 March 2025, the Group recognised smart systems construction service revenue amounted to approximately HK\$40,815,000.

Smart systems construction service income is recognised over time with reference to the progress towards completed satisfaction of a performance obligation.

When revenue is recognised over time, significant management judgement is involved in measurement of progress using input method based on the Group's efforts or inputs to the satisfaction of a performance obligation, by reference to the actual costs incurred up to the end of the reporting period as a percentage of budgeted costs for each contract.

We have identified revenue recognition from smart systems construction service as a key audit matter because it is quantitatively significant to the consolidated financial statements as a whole, combined with significant management's judgement involved in estimating the total expected costs.

Our audit procedures on the revenue recognition from smart systems construction service using input method included the following:

- evaluating the key internal controls over revenue recognition;
- assessing the appropriateness of the Group's revenue recognition policy under the requirements of HKFRS 15 by inspecting a sample of representative contracts with customers;
- selecting a sample of incomplete contracts as at year end and assessed the reasonableness of budgeted contract costs;
- selecting a sample of contracts completed during the year and checked the reliability regarding budgeting of contract costs;
- obtaining a detailed breakdown of the actual cost incurred up to the reporting date for all contracts in progress during the year and checking on sample basis the supporting documents related to the cost incurred; and
- re-performing, on a sample basis, the calculation of revenue recognised during the year based on the input method.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify, our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Wing Kit.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chan Wing Kit

Practising Certificate Number: P03224

Hong Kong

27 June 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

| | Notes | 2025 HK\$'000 | 2024 HK\$'000 |
|--|-------|------------------|------------------|
| Revenue | 7 | 85,561 | 176,302 |
| Cost of sales | | (53,863) | (130,929) |
| Gross profit | | 31,698 | 45,373 |
| Other income, gains and losses | 9 | 782 | 1,818 |
| Fair value loss on investment properties | | (18,300) | (18,090) |
| Fair value gain (loss) on financial assets at fair value through profit and loss ("FVTPL") | | 5 | (332) |
| Reversal of impairment loss (impairment loss recognised) on trade receivables and contract assets, net | | 278 | (2,392) |
| Selling and distribution expenses | | (3,531) | (6,377) |
| Administrative and other operating expenses | | (30,708) | (32,302) |
| Finance costs | 10 | (6,972) | (9,690) |
| Loss before taxation | 11 | (26,748) | (21,992) |
| Taxation | 14 | – | 24 |
| Loss for the year attributable to equity holders of the Company | | (26,748) | (21,968) |
| Other comprehensive income (expense) | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translation of overseas operations | | 1,783 | (553) |
| Realisation of exchange reserve upon deregistration of a subsidiary | | – | 50 |
| | | 1,783 | (503) |
| <i>Item that will not be reclassified subsequently to profit or loss</i> | | | |
| Change in fair value of financial assets at fair value through other comprehensive income ("FVTOCI") | | – | 447 |
| Other comprehensive income (expense) for the year | | 1,783 | (56) |
| Total comprehensive expense attributable to equity holders of the Company | | (24,965) | (22,024) |
| LOSS PER SHARE – (HK CENTS) | | | |
| – basic and diluted | 15 | (2.15) | (1.76) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

| | Notes | 2025 HK\$'000 | 2024 HK\$'000 |
|--|-------|------------------|------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 17 | 47,697 | 49,690 |
| Investment properties | 18 | 146,900 | 165,200 |
| Financial assets at FVTPL | 19 | 9,777 | 9,442 |
| | | 204,374 | 224,332 |
| CURRENT ASSETS | | | |
| Inventories | 20 | 13,701 | 12,592 |
| Contract assets | 21 | 104,324 | 119,553 |
| Financial assets at FVTPL | 19 | 498 | 398 |
| Trade receivables | 22 | 13,838 | 23,796 |
| Prepayments, deposits and other receivables | 23 | 12,227 | 8,917 |
| Tax recoverable | | 24 | 133 |
| Pledged bank deposits | 24 | 2,765 | 2,765 |
| Cash and bank balances | 24 | 9,127 | 22,699 |
| | | 156,504 | 190,853 |
| CURRENT LIABILITIES | | | |
| Trade payables | 25 | 3,091 | 2,160 |
| Accruals and other payables | 25 | 1,242 | 5,481 |
| Contract liabilities | 26 | 2,446 | 2,600 |
| Amounts due to directors | 27 | 3,000 | 3,000 |
| Lease liabilities | 28 | 126 | 383 |
| Bank borrowings | 29 | 133,482 | 159,031 |
| Tax payable | | 46 | 30 |
| | | 143,433 | 172,685 |
| NET CURRENT ASSETS | | 13,071 | 18,168 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 217,445 | 242,500 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

| | Notes | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------------------------|-------|------------------|------------------|
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 28 | – | 90 |
| Deferred tax liabilities | 30 | 49 | 49 |
| | | 49 | 139 |
| NET ASSETS | | | |
| | | 217,396 | 242,361 |
| CAPITAL AND RESERVES | | | |
| Share capital | 31 | 12,453 | 12,453 |
| Reserves | 32 | 204,943 | 229,908 |
| TOTAL EQUITY | | | |
| | | 217,396 | 242,361 |

The consolidated financial statements on pages 34 to 114 were approved and authorised for issue by the board of directors on 27 June 2025 and are signed on its behalf by:

Chan Chung Yee, Hubert

Director

Wu Kwok Lam

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

| | Attributable to owners of the Company | | | | | | | |
|---|---------------------------------------|---------------|-----------------|--------------------------------|---------------------|--------------------------------|-----------------------------|------------------|
| | Share capital | Share premium | Capital reserve | Properties revaluation reserve | Translation reserve | Investment revaluation reserve | Share-based payment reserve | Retained profits |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April 2023 | 12,453 | 39,621 | 28,325 | 74,640 | 652 | 5,954 | 830 | 100,853 |
| Loss for the year | – | – | – | – | – | – | – | (21,968) |
| Other comprehensive (expense) income for the year | – | – | – | – | (503) | 447 | – | – |
| Total comprehensive (expense) income for the year | – | – | – | – | (503) | 447 | – | (21,968) |
| Disposal of financial assets at FVTOCI | – | – | – | – | – | (6,401) | – | 6,401 |
| Recognition of share-based payments | – | – | – | – | – | – | 1,057 | – |
| At 31 March 2024 | 12,453 | 39,621 | 28,325 | 74,640 | 149 | – | 1,887 | 85,286 |
| Loss for the year | – | – | – | – | – | – | – | (26,748) |
| Other comprehensive income for the year | – | – | – | – | 1,783 | – | – | – |
| Total comprehensive income (expense) for the year | – | – | – | – | 1,783 | – | – | (26,748) |
| Effect of forfeited share options | – | – | – | – | – | – | (305) | 305 |
| At 31 March 2025 | 12,453 | 39,621 | 28,325 | 74,640 | 1,932 | – | 1,582 | 58,843 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Loss before taxation | (26,748) | (21,992) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 1,603 | 1,697 |
| Depreciation of right-of-use assets | 381 | 234 |
| Loss on disposal of property, plant and equipment | 119 | 54 |
| Gain on de-registration of a subsidiary | – | (50) |
| Fair value loss on investment properties | 18,300 | 18,090 |
| Fair value (gain) loss on financial assets at FVTPL | (5) | 332 |
| Government grant | (47) | (31) |
| Dividend income | (3) | (1,378) |
| Write-off of inventories | 212 | 18 |
| (Reversal of impairment loss) impairment losses recognised on trade receivables | (42) | 440 |
| (Reversal of impairment loss) impairment losses recognised on contract assets | (236) | 1,952 |
| Interest income | (453) | (491) |
| Interest expenses | 6,507 | 9,385 |
| Equity-settled share-based payments | – | 1,057 |
| Operating cash (outflows) inflows before movements in working capital | (412) | 9,317 |
| (Increase) decrease in inventories | (1,299) | 3,177 |
| Decrease (increase) in contract assets | 15,462 | (43,179) |
| Decrease (increase) in trade receivables, prepayments, deposits and other receivables | 8,437 | (1,416) |
| (Decrease) increase in contract liabilities | (154) | 463 |
| Decrease in trade payables, accruals and other payables | (3,301) | (3,826) |
| Net cash from (used in) operations | 18,733 | (35,464) |
| Interest received | 453 | 491 |
| Tax refunded | 125 | 47 |
| NET CASH FROM (USED IN) OPERATING ACTIVITIES | 19,311 | (34,926) |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (130) | (669) |
| Dividends received from listed equity securities | 3 | 2 |
| Dividends received from financial assets at FVTOCI | – | 1,376 |
| Proceeds from disposal of an investment property | – | 9,710 |
| Proceeds on disposal of financial assets at FVTOCI | – | 10,301 |
| Purchase of financial assets at FVTPL | (430) | (431) |
| Withdrawal of pledged bank deposits | – | 15,508 |
| Placement of pledged bank deposits | – | (15,606) |
| NET CASH (USED IN) FROM INVESTING ACTIVITIES | (557) | 20,191 |
| FINANCING ACTIVITIES | | |
| New bank loans obtained | – | 144,973 |
| Repayment of bank loans | (14,940) | (126,572) |
| Interest paid on bank borrowings | (6,484) | (9,373) |
| Repayment to directors | – | (7,000) |
| Government grant received | 47 | 31 |
| Repayment of leases liabilities | (368) | (206) |
| NET CASH (USED IN) FROM FINANCING ACTIVITIES | (21,745) | 1,853 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (2,991) | (12,882) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,510 | 14,426 |
| Effect of foreign exchange rates changes | 28 | (34) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | (1,453) | 1,510 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 9,127 | 22,699 |
| Bank overdraft | (10,580) | (21,189) |
| | (1,453) | 1,510 |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

I. GENERAL INFORMATION

HKC International Holdings Limited (the “Company”) is a public company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The ultimate controlling party is Mr. Chan Chung Yee, Hubert.

The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “corporate information” to this annual report.

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

The Company is an investment holding company. The principal activities of the subsidiaries are set out in note 38.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Application of amendments to HKFRS Accounting Standards

In the current year, the Group has applied, for its first time, the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group's financial year beginning on 1 April 2024.

Amendments to HKFRS 16

Lease Liability in a Sale and Leaseback

Amendments to HKAS 1

Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020)
Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Amendments to HKAS 1

Non-current Liabilities with Covenants

Amendments to HKAS 7 and HKFRS 7

Supplier Finance Arrangements

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Cont'd)

New and amendments to HKFRS Accounting Standards issued but not yet effective

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

| | |
|--|--|
| HKFRS 18 | Presentation and Disclosure in Financial Statements ³ |
| HKFRS 19 | Subsidiaries without Public Accountability: Disclosures ³ |
| Amendments to HKAS 21 | Lack of Exchangeability ¹ |
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments ² |
| Amendments to HKFRS 9 and HKFRS 7 | Contracts Referencing Nature-dependent Electricity ² |
| Amendments to HKFRS Accounting Standards | Annual Improvements to HKFRS Accounting Standards – Volume 11 ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |

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

² Effective for annual periods beginning on or after 1 January 2026

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

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

The directors of the Company anticipate that, the application of the new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

Fair value measurement

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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

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

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

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

The material accounting policies are set out below.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

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

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

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

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

Leasing

Definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

At inception of the contract, the Group assesses whether a contract is or contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Leasing (Cont'd)

Lease liabilities

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

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

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Leasing (Cont'd)

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset.

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

The Group presents right-of-use assets in property, plant and equipment. The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group as lessor

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

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

Investment in subsidiaries

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

Property, plant and equipment

Property, plant and equipment (including right-of-use assets) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Property, plant and equipment (Cont'd)

Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

For payments of ownership interest of properties which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Investment properties

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

Owned investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

If an item of property, plant and equipment becomes an investment property when there is a change in use, as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. The property revaluation reserve in respect of that item will be transferred directly to retained profits when it is derecognised.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments

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

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

Financial assets

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

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Financial assets at amortised cost (debt instruments) (Cont'd)

Amortised cost and effective interest method

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

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

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

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

Interest income is recognised in profit or loss and is included in the "other income, gains and losses" line item (note 9).

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained profits.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Equity instruments designated as at FVTOCI (Cont'd)

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Other income, gains and losses' line item (note 9).

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in consolidated statement of comprehensive income. Fair value is determined in the manner described in note 5.

Impairment of financial assets and contract assets

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

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated individually and collectively by 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 forward-looking information at the reporting date, including time value of money where appropriate.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and contract assets (Cont'd)

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Significant increase in credit risk (Cont'd)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing' under the Group's current credit risk grading framework.

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

Definition of default

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

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

Measurement and recognition of expected credit losses

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

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Measurement and recognition of expected credit losses (Cont'd)

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

The Group's financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial liabilities (Cont'd)

Derecognition of financial liabilities

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

Inventories

Inventories are stated at the lower of cost, on the first-in, first-out basis, and net realisable value. Costs comprise direct materials and the related purchase costs. Net realisable value is based on estimated selling prices less the estimated costs of completion and costs necessary to make the sale.

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

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position

Revenue from contracts with customers

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

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

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

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Revenue from contracts with customers (Cont'd)

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

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

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

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

The Group recognised revenue from the following major sources:

- Smart systems construction service
- Maintenance service income
- Installation service income
- Repairs service income
- Sales of goods
- Properties leasing (please refer to accounting policy "leasing")

Revenue from smart systems construction service representing the design, construction and integration of home automation systems or radio frequency identification systems for customers and recognised over time using input method.

Revenue from service income arising from maintenance service is recognised over time using output method.

Revenue from installation and repairs service is recognised at a point in time when the services are provided.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Revenue from contracts with customers (Cont'd)

Revenue from sales of goods is recognised at a point in time when the customer takes possession of and accepts the products. The general payment terms is 30 days.

The Group recognised revenue over time by measuring the progress towards complete satisfaction of a performance obligation in accordance with output or input method.

Output method is applied to recognise revenue on the basis of direct measurements of the value of goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services. Maintenance income is recognised under output method.

Input method is applied to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation, by reference to the actual costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract. In some circumstances when the outcome of a performance obligation could not be reasonably measured, the Group shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation. Revenue from smart systems construction service is recognised under input method.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Employee benefits

Pension schemes and other retirement benefits

The Group joins defined contribution retirement benefits schemes in Hong Kong and overseas for those employees who are eligible and have elected to participate in the schemes. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. In respect of the Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme"), the Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a specific amount for the employees in Mainland China, pursuant to the local municipal government regulations. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group's subsidiaries which operate in Singapore are required to contribute to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to CPF are charged to profit or loss in the period to which the contribution relates.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payment reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

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

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

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

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

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

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Taxation (Cont'd)

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time. The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in investment properties over time, rather than through sale. Therefore, the directors of the Company have determined that the "sale" presumption set out in the amendments to HKAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Current and deferred tax is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Foreign currency

Foreign currency transactions are translated at the foreign exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of each reporting period. All exchange differences are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Foreign currency (Cont'd)

The results and financial position of all the Group's foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for consolidated statement of financial position presented are translated at the closing rate at the end of each reporting period;
- ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- iii) all of the resulting exchange differences are recognised in other comprehensive income.

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- i) has control or joint control over the Group;
- ii) has significant influence over the Group; or
- iii) is a member of the key management personnel of the Group or of a parent of the Group.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Related parties (Cont'd)

(b) An entity is related to the Group if any of the following conditions applies:

- i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii) both entities are joint ventures of the same third party.
- iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- vi) the entity is controlled or jointly controlled by a person identified in (a).
- vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt (which included amounts due to directors and bank borrowings), net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends and new share issues.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Categories of financial instruments

The categories of financial assets and financial liabilities included in the consolidated statement of financial position and the headings in which they are included are as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|------------------------------------|------------------|------------------|
| Financial assets | | |
| Financial assets at amortised cost | | |
| – Trade receivables | 13,838 | 23,796 |
| – Deposits and other receivables | 3,906 | 3,637 |
| – Pledged bank deposits | 2,765 | 2,765 |
| – Cash and bank balances | 9,127 | 22,699 |
| | 29,636 | 52,897 |
| Financial assets at FVTPL | 10,275 | 9,840 |
| | 39,911 | 62,737 |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Categories of financial instruments (Cont'd)

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Financial liabilities | | |
| Financial liabilities at amortised cost | | |
| – Trade payables | 3,091 | 2,160 |
| – Accruals and other payables | 1,242 | 5,481 |
| – Amounts due to directors | 3,000 | 3,000 |
| – Bank borrowings | 133,482 | 159,031 |
| | 140,815 | 169,672 |

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, pledged bank deposits, cash and bank balances, financial assets at FVTPL, trade payables, accruals and other payables, lease liabilities, amounts due to directors and bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's capital expenditure and operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (interest rate risk, currency risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group.

The Group's credit risk is primarily attributable to cash at banks, bank deposits and trade and other receivables. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

Cash at banks and bank deposits are placed with licensed financial institutions with high credit ratings. The Group monitors the exposure to each single financial institution.

Credit checks are part of the normal operating process and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amounts of trade and other debtors at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade debtors is set out in note 22.

For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL individually and collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there are no significant increase in credit risk of these amounts since initial recognition and the Group assessed impairment based on 12-months ECL.

In order to minimise credit risk, the Group has maintained the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is drawn from the Group's own trading records to rate its customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

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

| Category | Description | Basis for recognising ECL |
|------------|---|---|
| Performing | For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1) | Lifetime ECL – not credit impaired (trade receivables) 12-month ECL (other financial assets) |
| Doubtful | For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2) | Lifetime ECL – not credit impaired |
| Default | Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3) | Lifetime ECL – credit impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off |

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity level to ensure that it maintains sufficient reserves of cash and bank balances and readily realisable marketable securities for its daily operation and investment purposes. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

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

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

| | 2025 | | | |
|-----------------------------|-----------------------------|---|--|------------------------------|
| | Carrying amount HK\$'000 | Total contractual undiscounted cash flows HK\$'000 | Within 1 year or on demand HK\$'000 | More than 1 year HK\$'000 |
| Trade payables | 3,091 | 3,091 | 3,091 | — |
| Accruals and other payables | 1,242 | 1,242 | 1,242 | — |
| Amounts due to directors | 3,000 | 3,000 | 3,000 | — |
| Bank borrowings | 133,482 | 133,482 | 133,482 | — |
| | <u>140,815</u> | <u>140,815</u> | <u>140,815</u> | <u>—</u> |
| Lease liabilities | 126 | 128 | 128 | — |
| | <u>126</u> | <u>128</u> | <u>128</u> | <u>—</u> |

| | 2024 | | | |
|-----------------------------|-----------------------------|---|--|------------------------------|
| | Carrying amount HK\$'000 | Total contractual undiscounted cash flows HK\$'000 | Within 1 year or on demand HK\$'000 | More than 1 year HK\$'000 |
| Trade payables | 2,160 | 2,160 | 2,160 | — |
| Accruals and other payables | 5,481 | 5,481 | 5,481 | — |
| Amounts due to directors | 3,000 | 3,000 | 3,000 | — |
| Bank borrowings | 159,031 | 159,031 | 159,031 | — |
| | <u>169,672</u> | <u>169,672</u> | <u>169,672</u> | <u>—</u> |
| Lease liabilities | 473 | 489 | 398 | 91 |
| | <u>473</u> | <u>489</u> | <u>398</u> | <u>91</u> |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Bank loans with a repayment on demand clause are included in the “within one year or on demand” time band in the above maturity analysis. As at 31 March 2025, the aggregate principal amounts of these bank loans amounted to approximately HK\$122,902,000 (2024: HK\$137,842,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK\$156,703,000 (2024: HK\$177,609,000). As at 31 March 2025, the principal and interest cash outflows due within one year is approximately HK\$21,052,000 (2024: HK\$22,060,000), due more than one year but not exceeding five years is approximately HK\$70,663,000 (2024: HK\$76,732,000) and due more than five years is approximately HK\$64,988,000 (2024: HK\$78,817,000).

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the Group’s short-term bank deposits, bank balances and bank borrowings with variable interest rates. Management does not anticipate significant impact on bank deposits and bank balances resulted from the changes in interest rates because the interest rates at bank deposits and bank balances are not expected to change significantly.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates on bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 125 basis point (2024: 125 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 125 basis points (2024: 125 basis points) higher/lower and all other variables were held constant, the Group’s post-tax loss for the year ended 31 March 2025 would increase/decrease by HK\$1,393,000 (2024: post-tax loss for the year would increase/decrease by HK\$1,660,000). This is mainly attributable to the Group’s exposure to interest rates on its variable-rate bank borrowings.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Foreign currency risk

None of the Group's sales and cost of services are denominated in currencies other than the functional currency of the group entity making the sales and acquiring the services for the years ended 31 March 2025 and 2024. The Group currently does not have a foreign currency hedging policy. The Group will monitor foreign exchange exposure and consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| | Assets | | Liabilities | |
|-----|------------------|------------------|------------------|------------------|
| | 2025 HK\$'000 | 2024 HK\$'000 | 2025 HK\$'000 | 2024 HK\$'000 |
| RMB | 312 | 1,722 | — | — |

The Group's exposure to the currency risk of RMB is insignificant.

Price risk

The Group is exposed to price changes arising from listed equity securities classified as financial assets at FVTPL (see note 19). These investments are measured at fair value at the end of each reporting period with reference to the quoted price. Management monitors this exposure and takes appropriate actions when it is required.

If price in respect of listed equity securities had been 15% (2024: 15%) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2025 would decrease/increase by HK\$62,000 (2024: post-tax loss for the year would decrease/increase by HK\$50,000). This is mainly attributable to the Group's exposure to quoted price on its listed equity securities.

The sensitivity analysis has been determined assuming that the reasonably possible changes in price had occurred as at the end of the reporting period and had been applied to the exposure to price risk for the financial instruments in existence at that date and that all other variables remain constant.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Fair value measurements recognised in the consolidated statement of financial position

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement.

Assets measured at fair value

| | Fair value at 31 March 2025 | Fair value measurement as at 31 March 2025 categorised into | | |
|---|-----------------------------------|--|----------|--------------|
| | | Level 1 | Level 2 | Level 3 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Recurring fair value measurement | | | | |
| Assets: | | | | |
| Financial assets at FVTPL | | | | |
| Listed equity securities | 498 | 498 | – | – |
| Investment in life insurance policies | 9,777 | – | – | 9,777 |
| | 10,275 | 498 | – | 9,777 |

| | Fair value at 31 March 2024 | Fair value measurement as at 31 March 2024 categorised into | | |
|--|-----------------------------------|--|----------|----------|
| | | Level 1 | Level 2 | Level 3 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |

Recurring fair value measurement

| | | | | |
|---------------------------------------|--------------|------------|----------|--------------|
| Assets: | | | | |
| Financial assets at FVTPL | | | | |
| Listed equity securities | 398 | 398 | – | – |
| Investment in life insurance policies | 9,442 | – | – | 9,442 |
| | 9,840 | 398 | – | 9,442 |

During the years ended 31 March 2025 and 31 March 2024, there were no transfers between Level 1 and Level 2.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Fair value measurements recognised in the consolidated statement of financial position (Cont'd)

Estimation of fair values

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

| Financial Instruments | Fair value hierarchy | Fair value as at | | Valuation technique and key inputs | Significant unobservable inputs | Range | Relationship of key inputs and significant unobservable inputs to fair value |
|----------------------------------|----------------------|-----------------------|------------------|---|---------------------------------|-------|--|
| | | 31/3/2025 HK\$'000 | 2024 HK\$'000 | | | | |
| Listed equity securities | Level 1 | 498 | 398 | Quoted bid prices in an active market | N/A | N/A | N/A |
| Investment in insurance policies | Level 3 | 9,777 | 9,442 | Cash surrender value provided by issuer | N/A | N/A | N/A |

Reconciliation of Level 3 fair value measurements of financial assets on recurring basis:

| | Unlisted equity securities HK\$'000 | Investment in insurance policies HK\$'000 |
|--|--|--|
| At 1 April 2023 | 9,854 | 9,145 |
| Total gain in other comprehensive income | 447 | — |
| Total loss in profit or loss | — | (134) |
| Addition | — | 431 |
| Disposal | (10,301) | — |
| At 31 March 2024 | — | 9,442 |
| Total loss in profit or loss | — | (95) |
| Addition | — | 430 |
| At 31 March 2025 | — | 9,777 |

Fair values of financial instruments that are not measured at fair value on a recurring basis

The carrying amounts of the Group's other financial instruments carried at amortised cost are not materially different from their fair values as at 31 March 2025 and 2024.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies which are described in note 3, management has made the following estimates and judgements that have significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future, and other key sources of estimation and judgements at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Allowances for inventories

The management of the Group makes allowance for obsolete and slow-moving inventories that are identified as no longer salable. The management estimates the net realisable value of its inventories based primarily on the latest invoice prices and current market conditions. The Group carries out review of inventories on a product-by-product basis at the end of each reporting period and makes allowance for obsolete and slow-moving items. The carrying amount of inventories is approximately HK\$13,701,000 (2024: HK\$12,592,000).

Contract assets and trade receivables

The loss allowance for contract assets and trade receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period. The management also considers forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the ECL. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of comprehensive income. At 31 March 2025, the carrying amounts of contract assets and trade receivables are approximately HK\$104,324,000 and HK\$13,838,000 (2024: HK\$119,553,000 and HK\$23,796,000), net of loss allowances of contract assets and trade receivables are approximately HK\$1,946,000 and HK\$1,218,000 (2024: HK\$2,182,000 and HK\$1,260,000) respectively.

Fair value of financial assets measured at FVTPL

As described in note 5(c), the directors of the Company use their judgements in selecting appropriate valuation techniques for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The estimation of fair value of investment in insurance policies rely on quotation from the sole counterparty in the market (i.e. the issuer). As at 31 March 2025, the carrying amount of the investment in insurance policies classified as FVTPL was approximately HK\$9,777,000 (2024: HK\$9,442,000). The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Estimated impairment of property, plant and equipment

Property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; and (2) whether the carrying value of an asset can be supported by the recoverable amount. Management determined the recoverable amounts of the cash-generating unit ("CGU") to which these assets belong based on the higher of their estimate of the value-in-use and the fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to generate from the CGU and an appropriate discount rate in order to calculate the present value of the future cash flows. In addition, the Group engaged an independent valuer to perform the valuation to assess the recoverable amount of the ownership interest in leasehold land and buildings for impairment purpose. Based on the estimation of the recoverable amount of the CGU, the management determined that no impairment of these property, plant and equipment is required. Where the actual future cash flows are less than expected, an impairment loss may arise.

As at 31 March 2025, the carrying amount of property, plant and equipment was approximately HK\$47,697,000 (2024: HK\$49,690,000) respectively.

Estimated fair value of investment properties

Investment properties are revalued at the end of the reporting period on an open market basis by independent professional valuer. These valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, information about current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the end of the reporting period are used. At 31 March 2025, the carrying amount of investment properties measured at fair value was approximately HK\$146,900,000 (2024: HK\$165,200,000) and fair value loss was approximately HK\$18,300,000 (2024: HK\$18,090,000). The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in note 18.

Revenue from contracts with customers

For smart systems construction services, the Group creates or enhances an asset that the customer controls. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time.

The Group recognises revenue from smart systems construction contracts over time using the input method, based on the actual direct costs incurred to satisfy the performance obligation relative to the total expected costs to satisfy the performance obligations of an individual contract. Total expected costs and their corresponding contract revenue to be recognised require estimations from management based on understanding of the performance of the contract and quotations from suppliers and subcontractors, and the Group's historical experience. Due to the nature of the activity undertaken in the smart systems construction contracts, the date of contract and the date of completion usually fall into different accounting periods. As a result, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

7. REVENUE

Revenue represents sales of mobile phones and internet of things ("IOT") solutions, maintenance, installation, repairs services and smart systems construction services, and gross rental income.

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Revenue from contracts with customers | | |
| Sales of goods | 35,697 | 52,860 |
| Maintenance service income | 6,909 | 8,705 |
| Installation service income | 639 | 2,005 |
| Repairs service income | 8 | 16 |
| Revenue from smart systems construction service | 40,815 | 111,488 |
| | 84,068 | 175,074 |
| Revenue from other sources | | |
| Rental income from investment properties | 1,493 | 1,228 |
| | 85,561 | 176,302 |

Disaggregation of revenue from contracts with customers by timing of recognition

| | 2025 HK\$'000 | 2024 HK\$'000 |
|-------------------------------|------------------|------------------|
| Timing of revenue recognition | | |
| At a point in time | 36,344 | 54,881 |
| Over time | 47,724 | 120,193 |
| | 84,068 | 175,074 |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

7. REVENUE (Cont'd)

Transaction price allocated to the remaining performance obligations

As at 31 March 2025, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK\$14,806,000 (2024: HK\$37,478,000). The amount represents revenue expected to be recognised in the future from smart systems construction contracts.

The Group will recognise this revenue as the service is provided, which is expected to occur over the next 24 months (2024: next 24 months).

The maintenance, installation and repairs service contracts are with an original expected duration of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) at the end of the reporting period.

8. SEGMENTAL INFORMATION

Information reported to the executive directors, as chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in products and services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

1. Sales of mobile phones in Hong Kong
2. Sales of IOT solutions in Hong Kong
3. Sales of IOT solutions in Mainland China and other countries in South East Asia
4. Property investment

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than financial assets at FVTPL.
- all liabilities are allocated to reportable segments other than deferred tax liabilities.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

8. SEGMENTAL INFORMATION (Cont'd)

The following is an analysis of the Group's revenue and results by reportable and operating segments.

Segment revenues and results

For the year ended 31 March 2025

| | Sales of mobile phones in Hong Kong HK\$'000 | Sales of IOT solutions in Hong Kong HK\$'000 | Sales of IOT solutions in Mainland China and other countries in South East Asia HK\$'000 | Property investment HK\$'000 | Inter-segment elimination HK\$'000 | Total HK\$'000 |
|---|---|---|--|------------------------------------|--|-------------------|
| REVENUES | | | | | | |
| Revenue | 5,921 | 75,018 | 17,993 | 1,703 | (15,074) | 85,561 |
| Less: inter-segment revenue | - | - | (14,864) | (210) | 15,074 | - |
| Reportable segment revenue-external | <u>5,921</u> | <u>75,018</u> | <u>3,129</u> | <u>1,493</u> | <u>-</u> | <u>85,561</u> |
| Reportable segment (loss) profit | <u>(4,235)</u> | <u>483</u> | <u>(4,126)</u> | <u>(575)</u> | <u>-</u> | <u>(8,453)</u> |
| Segment assets and liabilities: | | | | | | |
| Reportable segment assets | 5,867 | 171,106 | 9,893 | 163,737 | - | 350,603 |
| Reportable segment liabilities | <u>25,050</u> | <u>115,309</u> | <u>2,652</u> | <u>422</u> | <u>-</u> | <u>143,433</u> |
| Other segment information: | | | | | | |
| Amounts included in the measure of segment profit or loss or segment assets | | | | | | |
| Interest income from bank deposits | 453 | - | - | - | - | 453 |
| Finance costs | 878 | 5,978 | 17 | 99 | - | 6,972 |
| Depreciation | 106 | 1,571 | 275 | 32 | - | 1,984 |
| Write-off of inventories | 212 | - | - | - | - | 212 |
| Provision for (reversal of) impairment of trade receivables | 3 | (36) | (9) | - | - | (42) |
| Reversal of impairment of contract assets | - | (236) | - | - | - | (236) |
| Additions to non-current assets | <u>-</u> | <u>36</u> | <u>94</u> | <u>-</u> | <u>-</u> | <u>130</u> |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

8. SEGMENTAL INFORMATION (Cont'd)

Segment revenues and results (Cont'd)

For the year ended 31 March 2024

| | Sales of mobile phones in Hong Kong HK\$'000 | Sales of IOT solutions in Hong Kong HK\$'000 | Sales of IOT solutions in Mainland China and other countries in South East Asia HK\$'000 | Property investment HK\$'000 | Inter-segment elimination HK\$'000 | Total HK\$'000 |
|---|---|---|--|------------------------------------|--|-------------------|
| REVENUES | | | | | | |
| Revenue | 29,047 | 142,859 | 32,315 | 1,444 | (29,363) | 176,302 |
| Less: inter-segment revenue | – | – | (29,147) | (216) | 29,363 | – |
| Reportable segment revenue-external | <u>29,047</u> | <u>142,859</u> | <u>3,168</u> | <u>1,228</u> | <u>–</u> | <u>176,302</u> |
| Reportable segment (loss) profit | <u>(5,670)</u> | <u>1,039</u> | <u>3,688</u> | <u>(2,627)</u> | <u>–</u> | <u>(3,570)</u> |
| Segment assets and liabilities: | | | | | | |
| Reportable segment assets | 8,669 | 197,526 | 18,713 | 180,437 | – | 405,345 |
| Reportable segment liabilities | <u>30,175</u> | <u>138,898</u> | <u>3,194</u> | <u>508</u> | <u>–</u> | <u>172,775</u> |
| Other segment information: | | | | | | |
| Amounts included in the measure of segment profit or loss or segment assets | | | | | | |
| Interest income from bank deposits | 491 | – | – | – | – | 491 |
| Finance costs | 1,220 | 8,309 | 23 | 138 | – | 9,690 |
| Depreciation | 103 | 1,530 | 267 | 31 | – | 1,931 |
| Write-off of inventories | 18 | – | – | – | – | 18 |
| (Reversal of) provision for impairment of trade receivables | (20) | 369 | 91 | – | – | 440 |
| Provision for (reversal of) impairment of contract assets | – | 1,956 | (4) | – | – | 1,952 |
| Additions to non-current assets | <u>2</u> | <u>606</u> | <u>635</u> | <u>23</u> | <u>–</u> | <u>1,266</u> |

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment (loss) profit represents the (loss) profit earned by each segment without allocation of fair value change in financial assets at FVTPL and fair value loss on investment properties. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

8. SEGMENTAL INFORMATION (Cont'd)

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the Group's operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

| | Revenues from external customers | | Non-current assets* | |
|-------------------------------|-------------------------------------|------------------|---------------------|------------------|
| | 2025 HK\$'000 | 2024 HK\$'000 | 2025 HK\$'000 | 2024 HK\$'000 |
| Hong Kong (place of domicile) | 82,432 | 173,023 | 194,313 | 214,191 |
| Mainland China | 1,124 | 581 | 133 | 199 |
| Singapore | 2,005 | 2,698 | 151 | 500 |
| | 3,129 | 3,279 | 284 | 699 |
| | 85,561 | 176,302 | 194,597 | 214,890 |

* Non-current assets exclude financial assets at FVTPL.

Reconciliations of reportable segment profit or loss before taxation

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| PROFIT OR LOSS | | |
| Total reportable segment loss | (8,453) | (3,570) |
| Fair value loss on investment properties | (18,300) | (18,090) |
| Fair value gain (loss) on financial assets at FVTPL | 5 | (332) |
| Consolidated loss before taxation | (26,748) | (21,992) |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

8. SEGMENTAL INFORMATION (Cont'd)

Reconciliations of reportable segment assets and liabilities

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------------------------------|------------------|------------------|
| ASSETS | | |
| Total reportable segment assets | 350,603 | 405,345 |
| Unallocated corporate assets | 10,275 | 9,840 |
| Consolidated total assets | 360,878 | 415,185 |
| LIABILITIES | | |
| Total reportable segment liabilities | 143,433 | 172,775 |
| Deferred tax liabilities | 49 | 49 |
| Consolidated total liabilities | 143,482 | 172,824 |

Information about major customers

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

| | 2025 HK\$'000 | 2024 HK\$'000 |
|-------------------------|------------------|------------------|
| Customer A ¹ | 31,984 | 106,442 |
| Customer B ¹ | 18,286 | N/A ² |

¹ Revenue from sales of IOT solutions in Hong Kong segment

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

9. OTHER INCOME, GAINS AND LOSSES

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Bank interest income | 453 | 491 |
| Dividend income | 3 | 1,378 |
| Gain on deregistration of a subsidiary | – | 50 |
| Loss on disposal of the property, plant and equipment | (119) | (54) |
| Exchange gain (loss) | 215 | (80) |
| Government grant (note (i)) | 47 | 31 |
| Others | 183 | 2 |
| | 782 | 1,818 |

Note:

- (i) During the year ended 31 March 2025, the Group recognised government grants of HK\$47,000 (2024: HK\$31,000) relating to the subsidy from the Singapore government. There are no unfulfilled conditions and other contingencies attached to the receipts of the subsidy.

10. FINANCE COSTS

| | 2025 HK\$'000 | 2024 HK\$'000 |
|-------------------------------|------------------|------------------|
| Interest on bank borrowings | 6,484 | 9,373 |
| Interest on lease liabilities | 23 | 12 |
| Total interest expenses | 6,507 | 9,385 |
| Bank charges | 465 | 305 |
| | 6,972 | 9,690 |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

II. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting):

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Auditor's remuneration | 620 | 703 |
| Depreciation on: | | |
| – Property, plant and equipment | 1,603 | 1,697 |
| – Right-of-use assets | 381 | 234 |
| | 1,984 | 1,931 |
| Employee benefits expenses (including directors' emoluments) | | |
| – Salaries, allowances and benefits in kind | 19,738 | 20,035 |
| – Retirement benefit scheme contributions (Note (i)) | 1,398 | 1,666 |
| – Share-based payment | – | 1,057 |
| | 21,136 | 22,758 |
| Total staff costs | | |
| (Reversal of) provision of impairment loss on trade receivables | (42) | 440 |
| (Reversal of) provision of impairment loss on contract assets | (236) | 1,952 |
| Write-off of inventories (included in cost of sales) (Note (ii)) | 212 | 18 |
| Donations | – | 250 |
| Gross rental income from investment properties under operating leases | | |
| less outgoings of HK\$777,000 (2024: HK\$745,000) | (716) | (483) |

Notes:

- (i) Forfeited contributions in respect of unvested benefits of employees leaving the Group's employment cannot be used to reduce ongoing contributions.
- (ii) During the year ended 31 March 2025, the Group wrote off certain inventories of HK\$212,000 (2024: HK\$18,000) as they are no longer suitable for use.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

12. DIRECTORS' AND CHIEF EXECUTIVES EMOLUMENTS

Details of directors' emoluments of the Group are as follows:

| | 2025 | | | | | | Total HK\$'000 |
|---|------------------|--|------------------------|--------------------------------------|--|------------------------------------|-------------------|
| | Fees HK\$'000 | Salaries, allowances and benefits in kind HK\$'000 | Commission HK\$'000 | Discretionary bonuses HK\$'000 | Retirement benefit scheme contributions HK\$'000 | Share-based payment HK\$'000 | |
| Executive directors: | | | | | | | |
| Chan Chung Yee, Hubert | - | 1,057 | - | 87 | 27 | - | 1,171 |
| Chan Chung Yin, Roy | - | 191 | 150 | 15 | 27 | - | 383 |
| Chan Ming Him, Denny | - | 198 | - | 8 | 9 | - | 215 |
| Wu Kwok Lam | - | 946 | 110 | 76 | 36 | - | 1,168 |
| Lam Man Hau | - | 1,057 | - | 74 | 36 | - | 1,167 |
| Wan Man Lai, Polly (appointed on 1 November, 2024) | - | 111 | 3 | - | 9 | - | 123 |
| Ip Man Hon | - | - | - | - | - | - | - |
| | - | 3,560 | 263 | 260 | 144 | - | 4,227 |
| Independent non-executive directors: | | | | | | | |
| Chiu Ngar Wing | 85 | - | - | - | - | - | 85 |
| Chu Chor Lup | 40 | - | - | - | - | - | 40 |
| Law Ka Hung | 30 | - | - | - | - | - | 30 |
| Wong Kwok Leung | 30 | - | - | - | - | - | 30 |
| | 185 | - | - | - | - | - | 185 |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

12. DIRECTORS' AND CHIEF EXECUTIVES EMOLUMENTS (Cont'd)

| | 2024 | | | | | | |
|---|------------------|--|------------------------|--------------------------------------|--|------------------------------------|-------------------|
| | Fees HK\$'000 | Salaries, allowances and benefits in kind HK\$'000 | Commission HK\$'000 | Discretionary bonuses HK\$'000 | Retirement benefit scheme contributions HK\$'000 | Share-based payment HK\$'000 | Total HK\$'000 |
| Executive directors: | | | | | | | |
| Chan Chung Yee, Hubert | – | 1,037 | – | – | 36 | 144 | 1,217 |
| Chan Chung Yin, Roy | – | 335 | 25 | – | 23 | 30 | 413 |
| Chan Ming Him, Denny | – | 193 | – | – | 19 | 31 | 243 |
| Wu Kwok Lam | – | 1,018 | 125 | – | 36 | 117 | 1,296 |
| Ip Man Hon | – | – | – | – | – | – | – |
| Lam Man Hau | – | 974 | – | – | 36 | 102 | 1,112 |
| | – | 3,557 | 150 | – | 150 | 424 | 4,281 |
| Independent non-executive directors: | | | | | | | |
| Chiu Ngar Wing | 85 | – | – | – | – | 14 | 99 |
| Chu Chor Lup | 40 | – | – | – | – | 14 | 54 |
| Law Ka Hung | 30 | – | – | – | – | 14 | 44 |
| Wong Kwok Leung (Appointed on 1 July 2023) | 20 | – | – | – | – | – | 20 |
| | 175 | – | – | – | – | 42 | 217 |

Fees represent emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings.

Salaries, allowances and benefit in kind, commission and discretionary bonuses represent emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings.

The discretionary bonus is determined by the remuneration committee having regard to the individual merits and performance, the Group's performance and profitability as well as the prevailing market condition.

Mr. Chan Chung Yee, Hubert is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

During the year ended 31 March 2024, Mr. Ip Man Hon, the executive director, agreed to waive the emoluments of HK\$840,000 (2025: nil).

Except for the waiver of emoluments by Mr. Ip Man Hon as disclosed above, no other directors waived or agreed to waive any remuneration and no incentive paid on joining nor compensation for loss of office of any director during the years ended 31 March 2025 and 2024.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

13. EMPLOYEES' EMOLUMENTS

The five highest paid individual in the Company include three (2024: three) executive directors for the year ended 31 March 2025, details of whose emoluments have been disclosed in note 12 above.

The details of the emoluments for remaining two highest paid individuals (2024: two) for the year ended 31 March 2025 who is neither director nor chief executive of the Company are as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| Salaries and other benefits | 1,327 | 1,414 |
| Retirement benefit scheme contribution | 66 | 71 |
| Share-based payment | – | 39 |
| | <u>1,393</u> | <u>1,524</u> |

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follow:

| | Number of individuals | |
|----------------------|-----------------------|----------|
| | 2025 | 2024 |
| Nil to HK\$1,000,000 | <u>2</u> | <u>2</u> |

14. TAXATION

| | 2025 HK\$'000 | 2024 HK\$'000 |
|-------------------------------|------------------|------------------|
| Over-provision in prior years | | |
| Hong Kong | – | (23) |
| Deferred tax (note 30) | <u>–</u> | <u>(1)</u> |
| | <u>–</u> | <u>(24)</u> |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

14. TAXATION (Cont'd)

The Group's subsidiaries operating in Hong Kong are subject to Hong Kong Profits Tax. Under the two tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax was made for the years ended 31 March 2025 and 2024 as there were no assessable profits generated during both years.

Taxes on profits assessable in elsewhere have been calculated at the rates of tax prevailing in those places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. In general, the Group's subsidiaries operating in the PRC are subject to the Enterprise Income Tax rate of 25% and those operating in Singapore and Thailand are subject to Singapore Corporate Tax rate and Thailand Corporate Tax rate of 17% and 20% respectively.

No provision for Enterprise Income Tax of the PRC, Singapore Corporate Tax and Thailand Corporate Tax has been made as the Group did not have any assessable profits subject to tax in the PRC, Singapore and Thailand respectively for the years ended 31 March 2025 and 2024.

The taxation for the years can be reconciled to the loss before taxation per consolidated statement of comprehensive income is as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| Loss before taxation | (26,748) | (21,992) |
| Tax at applicable Hong Kong Profits tax rate of 16.5% | (4,413) | (3,629) |
| Tax effect of income not taxable | (83) | (236) |
| Tax effect of expenses that are not deductible in determining taxable income | 4,070 | 3,650 |
| Tax effect of unrecognised tax losses | 1,378 | 2,374 |
| Tax effect of utilisation of tax losses previously unrecognised | (733) | (2,555) |
| Tax effect of unrecognised deductible temporary difference | (219) | 395 |
| Over-provision in prior year | — | (23) |
| Taxation for the year | — | (24) |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

15. LOSS PER SHARE

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

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|-----------------------------|-----------------------------|
| Loss attributable to equity holders of the Company | <u>(26,748)</u> | <u>(21,968)</u> |
| | Number of shares | Number of shares |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | <u>1,245,331,256</u> | <u>1,245,331,256</u> |

As a result of the Group's net loss for the years ended 31 March 2025 and 2024, share options outstanding were excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

16. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

17. PROPERTY, PLANT AND EQUIPMENT

| | Ownership interest in leasehold land and buildings HK\$'000 | Motor vehicles HK\$'000 | Computer equipment HK\$'000 | Office equipment, leasehold improvements and fixtures HK\$'000 | Moulds HK\$'000 | Plant and machinery HK\$'000 | Leased properties HK\$'000 | Total HK\$'000 |
|--------------------------|---|----------------------------|-----------------------------------|---|--------------------|------------------------------------|----------------------------------|-------------------|
| Cost | | | | | | | | |
| At 1 April 2023 | 60,366 | 2,167 | 10,640 | 20,870 | 4,377 | 1,270 | 1,110 | 100,800 |
| Currency realignment | – | (13) | (11) | (61) | – | – | – | (85) |
| Additions | – | 457 | 101 | 111 | – | – | 597 | 1,266 |
| Disposal | – | – | (25) | (688) | – | – | (1,111) | (1,824) |
| At 31 March 2024 | 60,366 | 2,611 | 10,705 | 20,232 | 4,377 | 1,270 | 596 | 100,157 |
| Accumulated depreciation | | | | | | | | |
| At 1 April 2023 | (11,520) | (1,675) | (10,315) | (20,263) | (4,300) | (1,270) | (1,031) | (50,374) |
| Currency realignment | – | 9 | 9 | 50 | – | – | – | 68 |
| Charge for the year | (1,063) | (193) | (132) | (276) | (71) | – | (196) | (1,931) |
| Disposal | – | – | 25 | 634 | – | – | 1,111 | 1,770 |
| At 31 March 2024 | (12,583) | (1,859) | (10,413) | (19,855) | (4,371) | (1,270) | (116) | (50,467) |
| Net book value | | | | | | | | |
| At 31 March 2024 | 47,783 | 752 | 292 | 377 | 6 | – | 480 | 49,690 |
| Cost | | | | | | | | |
| At 1 April 2024 | 60,366 | 2,611 | 10,705 | 20,232 | 4,377 | 1,270 | 596 | 100,157 |
| Currency realignment | – | – | (2) | 2 | – | – | (45) | (45) |
| Additions | – | – | 48 | 82 | – | – | – | 130 |
| Disposal | – | (466) | – | (64) | – | – | – | (530) |
| At 31 March 2025 | 60,366 | 2,145 | 10,751 | 20,252 | 4,377 | 1,270 | 551 | 99,712 |
| Accumulated depreciation | | | | | | | | |
| At 1 April 2024 | (12,583) | (1,859) | (10,413) | (19,855) | (4,371) | (1,270) | (116) | (50,467) |
| Currency realignment | – | – | – | 15 | – | – | 10 | 25 |
| Charge for the year | (1,092) | (175) | (79) | (251) | (6) | – | (381) | (1,984) |
| Disposal | – | 350 | – | 61 | – | – | – | 411 |
| At 31 March 2025 | (13,675) | (1,684) | (10,492) | (20,030) | (4,377) | (1,270) | (487) | (52,015) |
| Net book value | | | | | | | | |
| At 31 March 2025 | 46,691 | 461 | 259 | 222 | – | – | 64 | 47,697 |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Notes:

- i) The Group's leasehold land and buildings are situated in Hong Kong.
- ii) The Group has pledged its leasehold land and buildings with aggregate net book value of approximately HK\$46,691,000 (2024: HK\$47,783,000) to secure the Group's general banking facilities.
- iii) Depreciation on property, plant and equipment is calculated on the straight-line basis to allocate cost to their residual value over their estimated useful lives as follows:

| | |
|--|----------------------------------|
| Ownership interest in leasehold land and buildings | Over the unexpired term of lease |
| Motor vehicles | 20% p.a. |
| Computer equipment | 33 $\frac{1}{3}$ % p.a. |
| Office equipment | 10% – 20% p.a. |
| Leasehold improvements | 20% – 33 $\frac{1}{3}$ % p.a. |
| Furniture and fixtures | 10% – 20% p.a. |
| Moulds | 20% p.a. |
| Plant and machinery | 20% p.a. |
| Leased properties | Over term of the lease |

- iv) The carrying amount of right-of-use assets included in property, plant and equipment comprise:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|------------|------------------|------------------|
| Properties | 64 | 480 |

The Group has lease arrangements for properties. The lease terms for properties (office and carpark) are two years (2024: properties generally ranged from two to three years) at fixed rates.

- v) Addition to the right-of-use assets for the year ended 31 March 2024 amounted to approximately HK\$597,000 due to new leases of properties (2025: nil).
- vi) During the years ended 31 March 2025 and 2024, as the result of the unexpected poor performance of certain segments, the Group carried out a review of the recoverable amount of related property, plant and equipment. Management determined the recoverable amounts of the CGU to which these assets belong based on the higher of the value-in-use and the fair value less costs of disposal. No impairment loss was recognised for the years ended 31 March 2025 and 2024.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

18. INVESTMENT PROPERTIES

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| At fair value: | | |
| At the beginning of the year | 165,200 | 193,000 |
| Fair value loss | (18,300) | (18,090) |
| Disposal | — | (9,710) |
| At the end of the year | 146,900 | 165,200 |
| The carrying amounts of investment properties situated in Hong Kong shown above comprises: | | |
| Land and buildings | 146,900 | 165,200 |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

18. INVESTMENT PROPERTIES (Cont'd)

i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

| Fair value measurements as at 31 March, 2025 categorised into | | | |
|--|---------------------|---------------------|---------------------|
| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 |
| Recurring fair value measurement | | | |
| Investment properties: | | | |
| Residential – Hong Kong | – | – | 13,500 |
| Commercial – Hong Kong | – | – | 133,400 |
| | <u>–</u> | <u>–</u> | <u>133,400</u> |

| Fair value measurements as at 31 March, 2024 categorised into | | | |
|--|---------------------|---------------------|---------------------|
| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 |
| Recurring fair value measurement | | | |
| Investment properties: | | | |
| Residential – Hong Kong | – | – | 14,300 |
| Commercial – Hong Kong | – | – | 150,900 |
| | <u>–</u> | <u>–</u> | <u>150,900</u> |

During the years ended 31 March 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

All of the Group's investment properties were revalued as at 31 March 2025 and 2024. The valuations were carried out by an independent firm of professional qualified surveyors, LCH (Asia-Pacific) Surveyors Limited, with recent experience in the location and category of property being valued. The Group's chief financial officer has discussed with the surveyors on the valuation assumptions and valuation results when the valuation is performed at the end of the reporting period.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

18. INVESTMENT PROPERTIES (Cont'd)

- ii) Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

| | Valuation techniques | Significant unobservable inputs | Range |
|--|--|---|--|
| Investment properties with recurring fair value measurement: | | | |
| Residential – Hong Kong | Market approach | Estimated market price per sq ft | HK\$12,231 – HK\$15,646 (2024: HK\$14,408 – HK\$17,111) |
| | | Adjustment for floor, price index and size | -4.3% to 24.4% (2024: -7.1% to 22.2%) |
| | | | |
| Commercial – Hong Kong | Market Approach for the reversionary interests and the rate of return are market-derived | Estimated market price per sq ft | HK\$3,153 – HK\$96,648 (2024: HK\$4,285 – HK\$105,499) |
| | | Adjustment for floor, price index, age, view, environment, facilities, pedestrian flow and size | -23.2% to 15.9% (2024: -32.3% to 16.9%) |
| | | Reversion rate | 3.4% - 3.9% |
| | | | |

A significant decrease in the comparable market price would result in a significant decrease in the fair value of the investment properties, vice versa. Generally, a change in the assumption made for the market value is accompanied by a directionally similar change in building condition, floor, price index, size, nature, facilities, pedestrian flow, view, environment and age.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. In addition, the Directors use market observable data to the extent it is available, such as term yield and market yield. The Directors work closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

18. INVESTMENT PROPERTIES (Cont'd)

iii) Information about Level 3 fair value measurements

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|------------------------------|------------------|------------------|
| Investment properties: | | |
| At the beginning of the year | 165,200 | 193,000 |
| Fair value loss | (18,300) | (18,090) |
| Disposal | – | (9,710) |
| At the end of the year | 146,900 | 165,200 |

Fair value adjustment of investment properties is recognised in the line item “fair value loss on investment properties” on the consolidated statement of comprehensive income.

Of the total fair value loss recognised in profit or loss for the year, approximately HK\$18,300,000 (2024: HK\$17,200,000) loss relates to the properties held at the end of the reporting period and nil (2024: HK\$890,000) loss relates to a property disposed of during the year ended 31 March 2025.

iv) Pledge of investment properties

The Group has pledged certain investment properties with a total of carrying value of approximately HK\$146,900,000 (2024: HK\$165,200,000) to secure the Group's general banking facilities.

19. FINANCIAL ASSETS AT FVTPL

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Financial assets stated at fair value | | |
| Investment in life insurance policies (Notes (i), (ii) and (iii)) | 9,777 | 9,442 |
| Equity securities listed in Hong Kong (Note (iv)) | 498 | 398 |
| | 10,275 | 9,840 |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

19. FINANCIAL ASSETS AT FVTPL (Cont'd)

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------------|------------------|------------------|
| Non-current assets | 9,777 | 9,442 |
| Current assets | 498 | 398 |
| | 10,275 | 9,840 |

Notes:

- i. In prior years, a subsidiary of the Group entered into contracts with an insurance company to insure against the death of a director of the Company, with total premium paid of USD1,168,870 (equivalent to approximately HK\$9,145,000). In these contracts, both the beneficiary and policy holder are the subsidiary of the Group. The Group will receive cash refund based on the cash surrender value of the insurance policy at the date of withdrawal. During the effective period of the insurance policy, interest at a rate not less than the guaranteed minimum crediting interest rate will be credited to the policy value. The guaranteed minimum crediting interest rate is 2.3%, the actual interest credited to the policy value will be subject to change and there is no explicit maturity date of the policy. The change in cash surrender value is determined by the policy issuer, subject to the change in effective interest crediting to the policy value and adjusted for monthly premium charge, administration charge and cost of insurance incurred. In the opinion of the directors of the Company, the cash flow from the insurance policy is not solely payments of principal and interest on the premium paid.
- ii. During the year ended 31 March 2025 and 2024, a subsidiary of the Group entered into contracts with an insurance company to insure against the death of a director of the Company, with an premium paid of USD55,000 and USD55,000 during the years ended 31 March 2025 and 2024 respectively (equivalent to approximately HK\$430,000 and HK\$431,000 respectively). In this contract, both the beneficiary and policy holder are the subsidiary of the Group. The Group will receive cash refund based on the cash surrender value of the insurance policy at the date of withdrawal. During the effective period of the insurance policy, no guaranteed minimum crediting interest rate will be credited to the policy value. The change in cash surrender value is determined by the policy issuer, subject to the change in effective interest crediting to the policy value and adjusted for monthly premium charge, administration charge and cost of insurance incurred. In the opinion of the directors of the Company, the cash flow from the insurance policy is not solely payments of principal and interest on the premium paid.
- iii. The Group has pledged its financial assets at FVTPL with aggregate fair value of approximately HK\$9,340,000 (2024: HK\$9,206,000) to secure the Group's general banking facilities.
- iv. During the years ended 31 March 2025 and 31 March 2024, the Group did not dispose of any listed equity securities.

Details of the fair value of these investments are disclosed in note 5(c).

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

20. INVENTORIES

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| Raw materials | 1,766 | 331 |
| Telecommunication devices and other electronic products and accessories | 11,935 | 12,261 |
| | 13,701 | 12,592 |

The cost of inventories recognised in profit or loss during the year amounted to approximately HK\$26,134,000 (2024: HK\$69,548,000).

21. CONTRACT ASSETS

| | 2025 HK\$'000 | 2024 HK\$'000 |
|------------------------------------|------------------|------------------|
| Smart systems construction service | 106,270 | 121,735 |
| Less: Loss allowance | (1,946) | (2,182) |
| | 104,324 | 119,553 |

As at 1 April 2023, contract assets amounted to HK\$78,344,000.

Contract assets are initially recognised for revenue earned from services as receipt of consideration is conditional on successful completion of services provided. The contract assets are transferred to trade receivables when the rights become unconditional upon completion of services and acceptance by the customer. The Group measures the loss allowance for contract assets at an amount equal to lifetime ECL under the simplified approach.

The Group typically agrees to eighteen months retention period for 5-15% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection. Included in contract assets of approximately HK\$12,308,000 (2024: HK\$13,579,000) was expected to be recovered more than one year after the end of the reporting period.

The Group measures loss allowance for contract assets at an amount equal to lifetime ECL, which is calculated at expected default rate of 1.83% (2024: 1.80%).

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

21. CONTRACT ASSETS (Cont'd)

The decrease in contract assets in 2025 is primarily due to the billing issued for the ongoing projects.

The movements in loss allowance of contract assets are as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| At the beginning of year | 2,182 | 739 |
| Amounts written off as uncollectible | — | (509) |
| (Reversal of) provision for impairment losses recognised, net | (236) | 1,952 |
| At the end of year | 1,946 | 2,182 |

22. TRADE RECEIVABLES

| | 2025 HK\$'000 | 2024 HK\$'000 |
|----------------------|------------------|------------------|
| Trade debtors | 15,056 | 25,056 |
| Less: Loss allowance | (1,218) | (1,260) |
| | 13,838 | 23,796 |

The Group does not hold any collateral over these receivables.

At as 31 March 2025, the gross amount of trade receivable arising from contracts with customers amounted to approximately HK\$15,056,000 (2024: HK\$25,056,000).

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

22. TRADE RECEIVABLES (Cont'd)

Ageing analysis

The Group allows average credit period ranging from seven days to one month to its customers. The following is an aged analysis of trade receivables presented based on the invoice date, at the end of the reporting period. In addition, for certain customers with long-established relationship and have good credit worthiness, a longer credit period may be granted.

| | 2025 HK\$'000 | 2024 HK\$'000 |
|-----------------|------------------|------------------|
| Within 30 days | 9,069 | 19,085 |
| 31 to 60 days | 864 | 670 |
| 61 to 90 days | 833 | 2,560 |
| 91 to 180 days | 102 | 1,057 |
| 181 to 365 days | 1,012 | 400 |
| Over 365 days | 3,176 | 1,284 |
| | 15,056 | 25,056 |

Expected default rates are based on actual loss experienced by the Group and forward-looking information. These rates are adjusted to reflect difference between economic conditions during the period over which historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

22. TRADE RECEIVABLES (Cont'd)

The Group measures loss allowances for trade receivable at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The following table provides information about the Group's exposure to credit risk and ECLs for trade receivable as follows:

As at 31 March 2025

| | Expected default rate | Gross carrying amount HK\$'000 | Loss allowance HK\$'000 | Net carrying amount HK\$'000 |
|------------------------|--------------------------|---|-------------------------------|---------------------------------------|
| Individually | 100% | 878 | 878 | – |
| Collectively | | | | |
| Current (not past due) | 1.45% | 9,019 | 132 | 8,887 |
| 1-120 days past due | 1.45% | 1,848 | 25 | 1,823 |
| 121-365 days past due | 3.45% | 1,013 | 38 | 975 |
| 1-2 years past due | 6.43% | 2,298 | 145 | 2,153 |
| Trade receivables | | 15,056 | 1,218 | 13,838 |

As at 31 March 2024

| | Expected default rate | Gross carrying amount HK\$'000 | Loss allowance HK\$'000 | Net carrying amount HK\$'000 |
|------------------------|--------------------------|---|-------------------------------|---------------------------------------|
| Individually | 100% | 878 | 878 | – |
| Collectively | | | | |
| Current (not past due) | 1.38% | 17,548 | 241 | 17,307 |
| 1-120 days past due | 1.38% | 4,768 | 66 | 4,702 |
| 121-365 days past due | 3.37% | 1,456 | 49 | 1,407 |
| 1-2 years past due | 6.36% | 406 | 26 | 380 |
| Trade receivables | | 25,056 | 1,260 | 23,796 |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

22. TRADE RECEIVABLES (Cont'd)

The movement in the loss allowance of trade receivables during the year is as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| At 1 April | 1,260 | 2,921 |
| Amounts written off as uncollectible | – | (2,101) |
| (Reversal of) provision for impairment losses recognised, net | (42) | 440 |
| At 31 March | 1,218 | 1,260 |

At 31 March 2025, the Group's trade debtors amounted to approximately HK\$878,000 (2024: HK\$878,000) were individually determined to be credit impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that such trade receivables cannot be fully recovered. The Group does not hold any collateral over these balances.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------------------------|------------------|------------------|
| Deposits and other receivables | 3,906 | 3,637 |
| Prepayments | 8,321 | 5,280 |
| | 12,227 | 8,917 |

The directors of the Company considered that the deposits and other receivables to be categorised as "Performing" under the Group's credit risk grading framework and the 12-months ECL is insignificant due to past repayment patterns thus no loss allowance is recognised in both years.

The Group does not hold any collateral over these balances.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

24. PLEDGED BANK DEPOSITS/CASH AND BANK BALANCES

| | 2025 HK\$'000 | 2024 HK\$'000 |
|------------------------|------------------|------------------|
| Pledged time deposits | 2,765 | 2,765 |
| Cash and bank balances | 9,127 | 22,699 |
| | 11,892 | 25,464 |

The effective interest rate on all of the pledged time deposits with banks was in a range of 4.0%– 4.2% (2024: 3.21%-4.4%) per annum at 31 March 2025. The pledged time deposits are placed to secure the general banking facilities.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Included in the cash and bank balances of approximately HK\$9,127,000 (2024: HK\$22,699,000) are the following amounts denominated in a currency other than the functional currency of the group entities to which they relate:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|-----|------------------|------------------|
| RMB | 312 | 1,722 |

25. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

| | 2025 HK\$'000 | 2024 HK\$'000 |
|-------------------------------|------------------|------------------|
| Trade payables | 3,091 | 2,160 |
| Accruals and deposit received | 1,242 | 5,481 |
| | 4,333 | 7,641 |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

25. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES (Cont'd)

The following is an aged analysis of accounts payable presented based on the invoice date at the end of the reporting period.

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------|------------------|------------------|
| 0 – 30 days | 1,873 | 943 |
| 31 – 60 days | 284 | 187 |
| 61 – 90 days | 1 | 155 |
| Over 90 days | 933 | 875 |
| | 3,091 | 2,160 |

The trade payables were due according to the terms stated in the relevant contracts. The average credit period on purchase of goods is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

26. CONTRACT LIABILITIES

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------------|------------------|------------------|
| Receipt in advance | 2,446 | 2,600 |

As at 1 April 2023, contract liabilities amounted to HK\$2,137,000.

Contract liabilities include advances received to render maintenance services.

The advance payment schemes result in contract liabilities being recognised throughout the maintenance service period until the maintenance service is performed. The changes in contract liabilities in 2025 were mainly due to the unsatisfied performance obligation from maintenance service contracts decreased during the year.

Revenue recognised during the year ended 31 March 2025 that was included in the contract liabilities at the beginning of the year is approximately HK\$2,600,000 (2024: HK\$2,137,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

27. AMOUNTS DUE TO DIRECTORS

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Repayable on demand, unsecured and non-interest bearing | 3,000 | 3,000 |

28. LEASE LIABILITIES

(i) Lease liabilities

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------------|------------------|------------------|
| Non-current | – | 90 |
| Current | 126 | 383 |
| | 126 | 473 |
| Within one year | 126 | 383 |
| In the second year | – | 90 |
| | 126 | 473 |

During the year ended 31 March 2024, the Group entered into a new lease agreement in respect of renting office premises and recognised lease liability of approximately HK\$597,000 (2025: nil).

(ii) Amounts recognised in profit or loss

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---|------------------|------------------|
| Expense relating to short-term leases | 540 | 523 |
| Depreciation on: | | |
| – Motor vehicle | – | 38 |
| – Leased properties | 381 | 196 |
| Total depreciation on right-of-use assets | 381 | 234 |
| Interest expenses | 23 | 12 |

(iii) Others

During the year ended 31 March 2025, the total cash outflows for leases amounted to approximately HK\$908,000 (2024: HK\$729,000).

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

29. BANK BORROWINGS

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---------------------------|------------------|------------------|
| Bank borrowings comprise: | | |
| Bank loans | 122,902 | 137,842 |
| Bank overdraft | 10,580 | 21,189 |
| | 133,482 | 159,031 |

The bank borrowings carry floating rates. The effective interest rates of bank borrowings were in the range of 3.78% to 5.25% (2024: 3.13% to 5.88%) per annum at 31 March 2025.

Certain of the bank loans are linked to Best Lending Rate and the Group has confirmed with the relevant counterparty that Best Lending Rate will continue to apply till maturity.

The directors of the Company consider that the carrying amounts of bank borrowings approximate to their fair values.

All of the term loans and mortgage loans of approximately HK\$122,902,000 (2024: HK\$137,842,000) from banks contain a repayment on demand clause and therefore are classified as current.

The maturity of bank loans as stipulated in the respective loan agreements is as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|---------------------------------------|------------------|------------------|
| On demand or within one year | 15,897 | 15,385 |
| In the second year | 20,560 | 15,897 |
| In the third to fifth year, inclusive | 34,671 | 42,768 |
| Over fifth years | 51,774 | 63,792 |
| | 122,902 | 137,842 |

All the bank borrowings are secured by the Group's property, plant and equipment, investment properties, certain financial assets at FVTPL and pledged bank deposits. Please refer to respective notes for details of pledge of assets.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

29. BANK BORROWINGS (Cont'd)

As at 31 March 2025, the Group's banking borrowings with carrying amount of HK\$84,432,000 (2024: HK\$92,621,000) are subject to the fulfilment of covenants relating to certain of the Group's gearing ratios and negative pledge. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 5(b). As at 31 March 2025, none of the covenants relating to drawn down facilities had been breached (2024: nil)

30. DEFERRED TAX LIABILITIES

The following is an analysis of the deferred tax balances, after set off certain deferred tax assets against deferred tax liabilities of the same tax entity, for financial reporting purposes:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------------------|------------------|------------------|
| Deferred tax liabilities | (49) | (49) |

The followings are the deferred tax (liabilities) assets recognised and movements thereon during the current and prior years:

| | Accelerated tax depreciation HK\$'000 | Tax losses HK\$'000 | Right-of-use assets HK\$'000 | Lease liabilities HK\$'000 | Total HK\$'000 |
|---|--|------------------------|------------------------------------|----------------------------------|-------------------|
| At 1 April 2023 | (1,394) | 1,344 | — | — | (50) |
| (Charged) credited to profit or loss | — | — | (79) | 80 | 1 |
| 31 March 2024 and 1 April 2024 | (1,394) | 1,344 | (79) | 80 | (49) |
| (Charged) credited to profit or loss | (9) | — | 68 | (59) | — |
| At 31 March 2025 | (1,403) | 1,344 | (11) | 21 | (49) |

At the end of the reporting period, the Group has unused tax losses of approximately HK\$179,495,000 (2024: HK\$176,366,000) available to offset against future profits. Deferred tax assets have been recognised in respect of approximately HK\$8,145,000 (2024: HK\$8,145,000). No deferred tax asset has been recognised in respect of the remaining HK\$171,350,000 (2024: HK\$168,221,000) tax losses due to the unpredictability of future profit streams.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

30. DEFERRED TAX LIABILITIES (Cont'd)

The tax losses can be carried forward to offset against the taxable profits of subsequent years. There is no restriction on their expiry except for the unused tax losses of PRC subsidiaries of approximately HK\$8,951,000 (2024: HK\$7,434,000) which can only be carried forward for five years from the year of the incurrence.

At the end of the reporting period, the Group has deductible temporary differences of approximately HK\$4,723,000 (2024: HK\$6,052,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

31. SHARE CAPITAL

| | Number of shares | | Amount | |
|----------------------------------|----------------------|----------------------|------------------|------------------|
| | 2025 | 2024 | 2025 HK\$'000 | 2024 HK\$'000 |
| Ordinary shares of HK\$0.01 each | | | | |
| Authorised: | | | | |
| At beginning and end of the year | <u>2,000,000,000</u> | <u>2,000,000,000</u> | <u>20,000</u> | <u>20,000</u> |
| Issued and fully paid: | | | | |
| At beginning and end of the year | <u>1,245,331,256</u> | <u>1,245,331,256</u> | <u>12,453</u> | <u>12,453</u> |

32. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 37.

Capital reserve

The capital reserve represents primarily the effects from change in shareholders' equity arising on group re-organisation and change in the Group's ownership interest in subsidiaries without losing control.

Properties revaluation reserve

The properties revaluation reserve represents cumulative gains and losses arising on the revaluation of the corresponding properties upon transfer from owner-occupied properties to investment properties that have been recognised in other comprehensive income. Such items will not be reclassified to profit or loss in subsequent periods.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

32. RESERVES (Cont'd)

The Company

| | Share premium HK\$'000 | Share-based payment reserve HK\$'000 | Special reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 |
|--|------------------------------|---|--------------------------------|-----------------------------------|-------------------|
| At 1 April 2023 | 39,621 | 830 | 163,453 | (57,708) | 146,196 |
| Recognition of share-based payments | – | 1,057 | – | – | 1,057 |
| Loss and total comprehensive expense for the year | – | – | – | (24,025) | (24,025) |
| At 31 March 2024 and 1 April 2024 | 39,621 | 1,887 | 163,453 | (81,733) | 123,228 |
| Effect of forfeited share options | – | (305) | – | 305 | – |
| Loss and total comprehensive expense for the year | – | – | – | (913) | (913) |
| At 31 March 2025 | 39,621 | 1,582 | 163,453 | (82,341) | 122,315 |

The share-based payment reserve of the Company represents the reserve for the share option granted to directors and employees.

The special reserve of the Company represents the difference between the aggregate net assets of the subsidiaries acquired pursuant to the group reorganisation over the nominal value of the Company's shares issued for the acquisition prior to the listing of the Company's shares in 2001.

The Company's reserves available for distribution represent the share premium, special reserve and retained profits, if any. Under the Companies Laws of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of memorandum and articles of association of the Company and provided that immediately following the distribution or dividend the Company is able to pay its debt as they fall due in the ordinary course of business.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

33. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

a) Non-cash transactions

During the year ended 31 March 2024, the Group entered into new arrangements in respect of properties. Right-of-use assets and lease liabilities of approximately HK\$597,000 were recognised at the commencement of the leases (2025: nil).

b) Reconciliation of liabilities arising from financing activities

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

| | Bank loans | Lease liabilities | Amounts due to directors | Total |
|---|-------------------|--------------------------|---------------------------------|-----------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April 2023 | 119,441 | 72 | 10,000 | 129,513 |
| Non-cash changes from financing cash flows: | | | | |
| Addition | – | 597 | – | 597 |
| Interest expenses | 9,373 | 12 | – | 9,385 |
| Exchange realignment | – | (2) | – | (2) |
| Financing cash flows | <u>9,028</u> | <u>(206)</u> | <u>(7,000)</u> | <u>1,822</u> |
| At 31 March 2024 | 137,842 | 473 | 3,000 | 141,315 |
| Non-cash changes from financing cash flows: | | | | |
| Interest expenses | 6,484 | 23 | – | 6,507 |
| Exchange realignment | – | (2) | – | (2) |
| Financing cash flows | <u>(21,424)</u> | <u>(368)</u> | <u>–</u> | <u>(21,792)</u> |
| At 31 March 2025 | <u>122,902</u> | <u>126</u> | <u>3,000</u> | <u>126,028</u> |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

34. OPERATING LEASE COMMITMENT

The Group as lessor

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 4 years (2024: 1 to 3 years). None of the leases includes variable lease payments.

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

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------------|------------------|------------------|
| Within one year | 1,634 | 1,592 |
| In the second year | 976 | 1,058 |
| In the third year | 576 | 400 |
| In the fourth year | 288 | — |
| | 3,474 | 3,050 |

35. RELATED PARTY TRANSACTIONS

(i) Balance with related parties

Details of the balance with related parties are set out in the consolidated statement of financial position and note 27.

(ii) Key management personnel compensation

The remuneration of directors of the Company (who are also the key management) during the year were as follows:

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------------------|------------------|------------------|
| Short-term benefits | 4,268 | 4,348 |
| Post-employment benefits | 144 | 150 |
| | 4,412 | 4,498 |

The remuneration of directors of the Company is determined by the remuneration committee having regard to the individual remits and performance, the Group's performance and profitability as well as the prevailing market condition.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

36. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 26 August 2022 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 26 August 2032. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The maximum number of shares in respect of which share options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as of the date of adoption of the Scheme and any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders, being 124,533,125.

Upon acceptance of the offer for the grant of the share option, HK\$1 should be paid as consideration for the grant thereof by each eligible participant within 21 days from the option offer date. Such payment shall in no circumstances be refundable. The Group has not provided any financial assistance to the grantee to facilitate the purchase of shares under the Scheme.

The exercise price of the share options granted is the highest of:

- (a) the closing price of the shares as stated in the daily quotations sheets issued by The Hong Kong Stock Exchange Limited ("Stock Exchange") on the offer date;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the offer date; and
- (c) the nominal value of the shares on the offer date;

provided that in the event of fractional prices, the exercise price per Share shall be rounded upwards to the nearest whole cent.

At 31 March 2025, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 73,992,000 (31 March 2024: 88,280,000), representing 6% (31 March 2024: 7%) of the shares of the Company in issue at that date.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

36. SHARE-BASED PAYMENT TRANSACTIONS (Cont'd)

Details of specific categories of options are as follows:

| | Date of grant | Vesting period | Exercise period | Exercise price |
|------|-----------------|---------------------------------------|--|----------------|
| 2023 | 18 October 2022 | 18 October 2022 to 31 October 2023 | 1 November 2023 to 31 December 2025 | HK\$0.055 |

The following table discloses movements of the Company's share options held by employees and directors during the year:

| Grantee | Outstanding at 1 April 2024 | Reclassification during the year | Granted during the year | Exercised during the year | Forfeited during the year | Expired during the year | Outstanding at 31 March 2025 |
|---------------------------------------|-----------------------------------|--|-------------------------------|---------------------------------|---------------------------------|-------------------------------|------------------------------------|
| Directors | | | | | | | |
| Chan Chung Yee Hubert | 12,000,000 | – | – | – | – | – | 12,000,000 |
| Wu Kwok Lam | 9,772,000 | – | – | – | – | – | 9,772,000 |
| Lam Man Hau | 8,488,000 | – | – | – | – | – | 8,488,000 |
| Wan Man Lai, Polly (note) | – | 3,724,000 | – | – | – | – | 3,724,000 |
| Chan Ming Him, Denny | 2,620,000 | – | – | – | – | – | 2,620,000 |
| Chan Chung Yin Roy | 2,520,000 | – | – | – | – | – | 2,520,000 |
| Chiu Ngar Wing | 1,200,000 | – | – | – | – | – | 1,200,000 |
| Chu Chor Lup | 1,200,000 | – | – | – | – | – | 1,200,000 |
| Law Ka Hung | 1,200,000 | – | – | – | – | – | 1,200,000 |
| Employees | 49,280,000 | (3,724,000) | – | – | (14,288,000) | – | 31,268,000 |
| Total | <u>88,280,000</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>(14,288,000)</u> | <u>–</u> | <u>73,992,000</u> |
| Exercisable at the end of the year | | | | | | | <u>73,992,000</u> |

Note:

Wan Man Lai, Polly was appointed as a director of the Company on 1 November 2024, 3,724,000 units of outstanding share options was reclassified to "Directors" category on the same date.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

36. SHARE-BASED PAYMENT TRANSACTIONS (Cont'd)

| Grantee | Outstanding at 1 April 2023 | Granted during the year | Exercised during the year | Forfeited during the year | Expired during the year | Outstanding at 31 March 2024 |
|---------------------------------------|--------------------------------|-------------------------------|---------------------------------|---------------------------------|-------------------------------|---------------------------------|
| Directors | | | | | | |
| Chan Chung Yee Hubert | 12,000,000 | – | – | – | – | 12,000,000 |
| Wu Kwok Lam | 9,772,000 | – | – | – | – | 9,772,000 |
| Lam Man Hau | 8,488,000 | – | – | – | – | 8,488,000 |
| Chan Ming Him, Denny | 2,620,000 | – | – | – | – | 2,620,000 |
| Chan Chung Yin Roy | 2,520,000 | – | – | – | – | 2,520,000 |
| Chiu Ngar Wing | 1,200,000 | – | – | – | – | 1,200,000 |
| Chu Chor Lup | 1,200,000 | – | – | – | – | 1,200,000 |
| Law Ka Hung | 1,200,000 | – | – | – | – | 1,200,000 |
| Employees | 49,280,000 | – | – | – | – | 49,280,000 |
| Total | 88,280,000 | – | – | – | – | 88,280,000 |
| Exercisable at the end of the year | | | | | | 88,280,000 |

An offer for the grant of the share options was made at 18 October 2022. The closing price of the Company's shares ("Shares") immediately before the date on which the options were granted was HK\$0.053. The estimated fair value of the options granted on that date is HK\$1,887,000.

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

18 October 2022

| | |
|-------------------------|-----------|
| Exercise price | HK\$0.055 |
| Volatility | 61.745% |
| Attrition rate | 5% |
| Risk-free rate | 4.32% |
| Expected dividend yield | 0% |

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK\$1,057,000 for the year ended 31 March 2024 (2025: nil) in relation to share options granted by the Company.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Notes | 2025 HK\$'000 | 2024 HK\$'000 |
|--------------------------------|-------|------------------|------------------|
| NON-CURRENT ASSET | | | |
| Interests in subsidiaries | (a) | 188,437 | 188,437 |
| CURRENT ASSET | | | |
| Cash and bank balances | | 48 | 58 |
| CURRENT LIABILITIES | | | |
| Amounts due to subsidiaries | | 53,567 | 52,663 |
| Accruals and other payables | | 150 | 151 |
| | | 53,717 | 52,814 |
| NET CURRENT LIABILITIES | | | |
| | | (53,669) | (52,756) |
| NET ASSETS | | | |
| | | 134,768 | 135,681 |
| CAPITAL AND RESERVES | | | |
| Share capital | | 12,453 | 12,453 |
| Reserves | 32 | 122,315 | 123,228 |
| TOTAL EQUITY | | | |
| | | 134,768 | 135,681 |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Cont'd)

Note (a):

| | 2025 HK\$'000 | 2024 HK\$'000 |
|--|------------------|------------------|
| Investment in subsidiaries | 166,504 | 166,504 |
| Less: Impairment on investment in subsidiaries | (77,067) | (77,067) |
| | 89,437 | 89,437 |
| Amount due from a subsidiary | 99,000 | 99,000 |
| | 188,437 | 188,437 |

The interests in subsidiaries included an amount due from a subsidiary which is unsecured, interest-free and repayable on demand. The directors of the Company do not expect repayments from the subsidiary within next twelve months from the end of the reporting period.

38. SUBSIDIARIES

Particulars of the subsidiaries at 31 March 2025 and 2024 are as follows:

| Name | Legal form | Place of incorporation/ registration | Principal place of operation | Issued and fully paid share capital/ registered capital | Percentage of effective interest attributable to the Group | | Principal activities |
|--|---------------------------|---|------------------------------|--|--|------|---|
| | | | | | 2025 | 2024 | |
| HKC Group Limited | Limited liability company | British Virgin Islands | Hong Kong | Ordinary shares US\$100,000 | 100% | 100% | Investment holding |
| HKC Properties Limited | Limited liability company | British Virgin Islands | Hong Kong | Ordinary shares US\$30 | 100% | 100% | Investment holding |
| Superior Charm Limited | Limited liability company | British Virgin Islands | Hong Kong | Ordinary shares US\$1,200 | 100% | 100% | Investment holding |
| Hong Kong Communications Company Limited | Limited liability company | Hong Kong | Hong Kong | Ordinary shares HK\$157,935,083 | 100% | 100% | Sales of mobile phones and business solutions |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

38. SUBSIDIARIES (Cont'd)

| Name | Legal form | Place of incorporation/ registration | Principal place of operation | Issued and fully paid share capital/ registered capital | Percentage of effective interest attributable to the Group | | Principal activities |
|---|---------------------------|---|------------------------------|---|--|------|---|
| | | | | | 2025 | 2024 | |
| Circle Mobile Communications Limited | Limited liability company | Hong Kong | Hong Kong | Ordinary shares HK\$1,000,000 | 100% | 100% | Sales of mobile phones and other electronic products |
| Generalvestor (H.K.) Limited | Limited liability company | Hong Kong | Hong Kong | Ordinary shares HK\$10,000,000 | 100% | 100% | Property investment |
| HKC Technology Limited | Limited liability company | Hong Kong | Hong Kong | Ordinary shares HK\$10,000,202 | 100% | 100% | Sales and distribution of IOT products |
| HKC International (Thailand) Co. Ltd. | Limited liability company | Thailand | Thailand | Preference shares THB9,999,990 Ordinary shares THB10,000,010 | 100% | 100% | Sales and distribution of IOT solutions |
| Singapore Communications Co. Pte. Ltd. | Limited liability company | Singapore | Singapore | Ordinary shares Singapore dollar 6,704,000 | 100% | 100% | Sales and distribution of IOT solutions and property investment |
| 上海希華通訊科技有限公司 (HKC Technology (Shanghai) Co. Ltd.) | Limited liability company | PRC | PRC | Contributed capital US\$4,350,000 | 100% | 100% | Sales and distribution of IOT solutions |
| 亞衛通智能系統(上海)有限公司 (ASCT Technology Co. Ltd.) | Limited liability company | PRC | PRC | Contributed capital US\$610,000 | 80% | 80% | Inactive |
| HKC Comunicacoes Equipamento (Macau) Companhia Limitada | Limited liability company | Macau | Macau | Contributed Capital Macau pataca 100,000 | 100% | 100% | Inactive |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

38. SUBSIDIARIES (Cont'd)

| Name | Legal form | Place of incorporation/ registration | Principal place of operation | Issued and fully paid share capital/ registered capital | Percentage of effective interest attributable to the Group | | Principal activities |
|---|---------------------------|---|------------------------------|--|--|------|--|
| | | | | | 2025 | 2024 | |
| HKC Mobile Technology Limited | Limited liability company | Hong Kong | Hong Kong | Ordinary shares HK\$20,000,000 | 100% | 100% | Inactive |
| Hong Kong Communications Services Limited | Limited liability company | Hong Kong | Hong Kong | Ordinary shares HK\$1 | 100% | 100% | Inactive |
| HKC Retails Limited | Limited liability company | Hong Kong | Hong Kong | Ordinary shares HK\$1 | 100% | 100% | Sales of mobile phones and other electronic products |
| Circle Digital Limited | Limited liability company | Hong Kong | Hong Kong | Ordinary shares HK\$1 | 100% | 100% | Inactive |
| Good Success Electronics Limited | Limited liability company | Hong Kong | Hong Kong | Ordinary shares HK\$10,000 | 100% | 100% | Inactive |
| Carrot Home Solutions Limited | Limited liability company | Hong Kong | Hong Kong | Ordinary shares HK\$100 | 100% | 100% | Sales of home automation solutions |
| ROMI Technology Limited | Limited liability company | Hong Kong | Hong Kong | Ordinary shares HK\$1,000,000 | 100% | 100% | Inactive |

Note:

The Company directly holds the interest in HKC Group Limited and Superior Charm Limited. All other interests shown above are indirectly held by the Company.

None of the subsidiaries had any debt securities subsisting at 31 March 2025 and 2024 or at any time during the year.

FIVE YEAR FINANCIAL SUMMARY

| | Year ended 31 March | | | | |
|---|---------------------|----------|-----------|-----------|-----------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| RESULTS | | | | | |
| Revenue | 217,122 | 199,096 | 169,524 | 176,302 | 85,561 |
| Profit (loss) before taxation | 4,515 | (1,943) | (19,568) | (21,992) | (26,748) |
| Tax credit | 232 | — | — | 24 | — |
| Profit (loss) attributable to equity holders of the Company | 4,747 | (1,943) | (19,568) | (21,968) | (26,748) |
| ASSETS (LIABILITIES) | | | | | |
| Total assets | 391,729 | 380,668 | 427,496 | 415,185 | 360,878 |
| Total liabilities | (110,583) | (99,866) | (164,168) | (172,824) | (143,482) |
| | 281,146 | 280,802 | 263,328 | 242,361 | 217,396 |

PARTICULARS OF PROPERTIES

(1) PROPERTIES HELD FOR OWNER OCCUPATION

| | Use | Lease term | Group's interest |
|--|------------|------------|------------------|
| Location in Hong Kong | | | |
| Block B, 14th Floor, Vita Tower No. 29 Wong Chuk Hang Road Wong Chuk Hang Hong Kong | Commercial | Long lease | 100% |

(2) INVESTMENT PROPERTIES

| | Use | Lease term | Group's interest |
|--|-------------|-------------------|------------------|
| Location in Hong Kong | | | |
| Shop No. 8, 9 and 23B on Ground Floor National Court Nos. 240-252 Nathan Road Nos. 16A-16F Jordan Road Nos. 19-24 Tak Hing Street Mongkok, Kowloon, Hong Kong | Commercial | Medium-term lease | 100% |
| Flat G on 45th Floor of Tower 10 Phase II (known as Le Point) of Metro Town No. 8 King Ling Road Tseung Kwan O New Territories, Hong Kong | Residential | Medium-term lease | 100% |
| Unit 1 on 9th Floor Yue Xiu Building Nos. 160-174 Lockhart Road Hong Kong | Commercial | Long lease | 100% |
| Block A, 14th Floor, Vita Tower No. 29 Wong Chuk Hang Road Wong Chuk Hang Hong Kong | Commercial | Long lease | 100% |
| Workshop B7 on 8th Floor Block B Hong Kong Industrial Centre Nos. 489-491 Castle Peak Road Kowloon Hong Kong | Commercial | Medium-term lease | 100% |