

Hao Bai International (Cayman) Limited

浩柏國際（開曼）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8431)

2024/25 ANNUAL REPORT



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

This report will remain on the “Latest Listed Company Information” page of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting and on the Company’s website at <http://www.irasia.com/listco/hk/haobai/>.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Wan Lok
Ms. Wong Wing Hung
Mr. Wang Xinliang (ceased on 30 September 2024)
Mr. Chung Yu Ching (appointed on 22 May 2024 and resigned on 8 October 2024)
Mr. Shu Zhongwen (resigned as chief executive officer on 8 October 2024)

Non-executive Director

Ms. Shu Huajuan (appointed on 4 December 2024)

Independent non-executive Directors

Mr. Cheung Hiu Fung
Mr. Yuen Wai Keung
Mr. Yiu Chi Wai (appointed on 4 December 2024)
Mr. Ma Meng (ceased on 30 September 2024)
Mr. Li Ruyi (resigned on 4 December 2024)

COMPANY SECRETARY

Mr. Lee Kun Yin

AUTHORISED REPRESENTATIVES

Mr. Ng Wan Lok
Ms. Wong Wing Hung

AUDIT COMMITTEE

Mr. Yuen Wai Keung (Chairman)
Mr. Cheung Hiu Fung
Mr. Yiu Chi Wai (appointed on 4 December 2024)
Mr. Ma Meng (ceased on 30 September 2024)
Mr. Li Ruyi (resigned on 4 December 2024)

REMUNERATION COMMITTEE

Mr. Yuen Wai Keung (Chairman)
Mr. Cheung Hiu Fung (appointed 30 September 2024)
Mr. Yiu Chi Wai (appointed on 4 December 2024)
Mr. Ma Meng (ceased on 30 September 2024)
Mr. Li Ruyi (resigned on 4 December 2024)

NOMINATION COMMITTEE

Mr. Ng Wan Lok (appointed as chairman on 8 October 2024)
Mr. Yuen Wai Keung
Mr. Cheung Hiu Fung (appointed 30 September 2024)
Mr. Yiu Chi Wai (appointed on 4 December 2024)
Mr. Shu Zhongwen (resigned as chairman on 8 October 2024)
Mr. Ma Meng (ceased on 30 September 2024)
Mr. Li Ruyi (resigned on 4 December 2024)

AUDITOR

Infinity CPA Limited
Room 1501, 15/F
Olympia Plaza
255 King's Road
North Point
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 210, 2nd Floor
Yick Tai Industrial Building
650–652 Castle Peak Road
Lai Chi Kok, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

Nanyang Commercial Bank, Limited
Hang Seng Bank Limited

WEBSITE ADDRESS

www.irasia.com/listco/hk/haobai/

STOCK CODE

8431

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

On behalf of the board of Directors (the “Board”) of Hao Bai International (Cayman) Limited (the “Company”), it is my pleasure to present the audited financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2025.

REVIEW AND RESULTS

During the year under review, the Group, a Hong Kong-based contractor, was principally engaged in design, procurement and installation services of the water circulation systems including but not limited to swimming pools, water fountains and water curtains. We provide services mainly to property developers, main contractors and sub-contractors in various private residential projects, hotel, casino, shopping and recreation complex projects in Hong Kong and China respectively.

The past 12 months have been the most challenging time for the Group and to a certain extent, our industry as a whole since we navigate a local economy facing ongoing difficulties, including inflation and various economic factors. In response to these conditions, the Group has adopted a prudent approach to managing daily expenses, maintaining robust business strategies, ensuring that we maintain operational efficiency while addressing the uncertainties in the market. The Group has also actively pursued opportunities for growth through strategic negotiations and securing new projects and tenders. This proactive approach aims to enhance our business performance and reaffirm our position in the competitive market. We will continue to explore appropriate investment opportunities that align with our core business objectives, allowing us to strengthen and diversify our offerings.

The Group has managed to enhance its business relationship with customers, sub-contractors, suppliers, business partners and obtained full support from them while effectively satisfying their needs at the same time. The Group will continue to monitor the market trends and take prompt and appropriate actions to adjust our business strategies and allocate resources effectively under the challenging market conditions.

During the year ended 31 March 2025, the total revenue of the Group increased by approximately HK\$2.6 million or 12.0% from approximately HK\$21.9 million for the year ended 31 March 2024 to approximately HK\$24.5 million for the year ended 31 March 2025.

The Group has increased its net loss from approximately HK\$10.5 million for the year ended 31 March 2024 to approximately HK\$19.3 million for the year ended 31 March 2025.

On 19 August 2024, the Company and Ms. Leung Yan Fan Youki (“Creditor A”) completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditor A has agreed to subscribe 22,560,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$3,045,600. On 26 August 2024, the Company, Ms. Leung Yan Fan Youki and Ms. Hui Lai Ngar collectively, the “Creditors Group A” completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditors Group A have agreed to subscribe a total 19,540,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$2,637,900. On 12 November 2024, the Company, Ms. Leung Yan Fan Youki, Ms. Hui Lai Ngar and Ms. Ng On Yi collectively, the “Creditors Group B” completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditors Group B have agreed to subscribe a total 70,320,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$2,250,240.

LETTER TO THE SHAREHOLDERS

Overall, the Board believes that the above financing raising activities in the past 12 months have helped the Group to (a) settle some of the Group's indebtedness; (b) strengthen the financial position of the Group; (c) support its business operations; and (d) enable the Group to participate in certain investment opportunities. The Board believes 2025/26 will be a better year for the Group due to its improved financial position and more promising business environment and opportunities.

OUTLOOK

The ongoing conflicts in Ukraine and Palestine have created geopolitical uncertainties, disrupted global supply chains and increased costs. High interest rates have further squeezed consumer spending, making it harder for businesses. The newly elected U.S. president's decision to impose additional tariffs on imports from China has added another layer of complexity.

Regarding the business operations in Hong Kong, the Group will continue to participate in the tendering process with various construction or property development companies in Hong Kong. The Group has secured one new project in June 2025 and is hopeful that it will be able to win more projects that it tendered in the past 12 months.

Even though the Group did not generate much revenue from its operations in China in the past 12 months, the Company's management team will continue to spend time in China to proactively target certain companies for joint venture, business collaboration and investment opportunities. The Group will continue to assess the opportunities prudently in order to improve profitability and enhance the capital functioning. The Group will also continue to exploit new business opportunities from time to time, diversify and broaden revenue sources of the Group and generate tremendous returns and long-term values for the Shareholders.

The Group will continue, in the best interests of the Company and the Shareholders as a whole, endeavor fund-raising alternatives to strengthen the capital base and support the continuing growth of the Company. Overall, the Board considered that the Company has a viable and sustainable business with a sufficient level of operations and assets to support its operations to meet requirement of the GEM Listing Rules.

A NOTE OF APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my deep gratitude to our shareholders, clients, business partners, and suppliers for their continuous support. I would also like to express our sincere appreciation to the Group's management and staff for their commitment, contribution and dedication throughout the years.

Ng Wan Lok

Executive Director

Hong Kong, 7 July 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group, a Hong Kong-based contractor, is principally engaged in design, procurement and installation services of the water circulation systems including but not limited to swimming pools, water fountains and water curtains. We provide services mainly to property developers, main contractors and sub-contractors in various private residential projects, hotel, casino, shopping and recreation complex projects in Hong Kong and China respectively. The Group's services are mainly categorised as (i) management contracting services – design, procurement and installation of water circulation systems and related maintenance services; and (ii) consultancy services – provision of consultancy services on water circulation systems and engineering, procurement and construction management ("EPCM") services of commercial and residential buildings and infrastructures in China. For the year ended 31 March 2025, the Group had 4 major management contracting projects in Hong Kong with revenue contribution, while the Group will continue to look for business opportunities in China and the Greater Bay Area.

The global economy is expected to remain challenging and volatile in the next 12 months. The uncertainties in growth momentum, monetary policies and interest rate movements across major economies will be affected by policy shifts and different political landscape. The Chinese government has introduced a range of measures to encourage domestic consumption and strengthen investor confidence. Hong Kong will continue to benefit from the strong support of the Central Government maintain its long-standing position as an international financial, trade and shipping centre.

The continuing Russia-Ukraine war, the rise of Israeli-Palestinian conflict, the escalating Sino-U.S. technology war, and recovery of China's economy below market expectation resulted in sluggish economy in general, leading to weak demand in Hong Kong's overall economy and business environments.

During the Reporting Period, the Group's net loss increased from approximately HK\$10.5 million for the year ended 31 March 2024 to approximately HK\$19.3 million for the year ended 31 March 2025.

Although our Directors remain confident in the mid-to-long term business outlook of Hong Kong and China and also the performance of the Group, the financial results of the Group in the near future may potentially be affected as a result of the adversities.

The Group will continue to look for business and investment opportunities both in Hong Kong and China while at the same time, implementing cost reduction programs to minimise cash outflows, staff costs, general expenses and taking considerable efforts to control capital expenditures. The Directors will continue to evaluate the Group's business strategies in Hong Kong and China on a regular basis while any potential business opportunities will be discussed and reviewed internally. Business decisions are made in the view of improving the Group's short and long term potential growth while we will continue to leverage our network to enhance our financial positions for our shareholders and stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our total revenue increased by approximately HK\$2.6 million or 12.0% from approximately HK\$21.9 million for the year ended 31 March 2024 to approximately HK\$24.5 million for the year ended 31 March 2025.

The Group did not generate much revenue from China this year while revenue generated from Hong Kong has improved. Due to the uncertain business and property market environment, water circulation systems' tender process for new construction and property development projects has been slow. The Group has won a new project in June 2025 and management remains confident in winning more projects in the next 12 to 18 months.

Cost of services

The Group's cost of services mainly consists of (i) consumables; (ii) sub-contracting fees; (iii) staff costs; (iv) consulting fees; (v) labour cost; and (vi) other expenses.

Our cost of services decreased by approximately HK\$0.6 million or 3.7% from approximately HK\$16.4 million for the year ended 31 March 2024 to approximately HK\$15.8 million for the year ended 31 March 2025. Such reduction shows the Group has been efficient and successful in reducing certain expenses in our projects.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$3.2 million or 59.4% from approximately HK\$5.4 million for the year ended 31 March 2024 to approximately HK\$8.7 million for the year ended 31 March 2025. While number of projects remains the same this year, gross profit margin increased from approximately 24.9% for the year ended 31 March 2024 to approximately 35.4% for the year ended 31 March 2025. Improvement in gross profit margin is due to management's continued focus on cost saving and more revenue being generated from our existing projects.

Other income and (losses)/gains, net

Our other income and (losses)/gains, net changed from gain of approximately HK\$0.5 million for the year ended 31 March 2024 to loss of approximately HK\$3.8 million for the year ended 31 March 2025.

Administrative expenses

Our administrative expenses reduced by approximately HK\$5.9 million or 49.5% from approximately HK\$11.9 million for the year ended 31 March 2024 to approximately HK\$6.0 million for the year ended 31 March 2025 due to management's ongoing effort to reduce costs and general expenses during the reporting period.

Finance costs

Our finance costs increased by approximately HK\$0.16 million or 40.9% from approximately HK\$0.38 million for the year ended 31 March 2024 to approximately HK\$0.54 million for the year ended 31 March 2025. Increase in finance costs is due to the fact that interest rates for the new loans are higher than the existing loans.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

Our income tax expense decreased by approximately HK\$0.16 million from approximately HK\$0.5 million for the year ended 31 March 2024 to approximately HK\$0.33 million for the year ended 31 March 2025. Income tax expense is subject to Hong Kong Profits Tax and PRC Enterprise Income Tax respectively.

Net loss

The Company recorded a net loss of approximately HK\$19.3 million for the year ended 31 March 2025 as compared to a net loss of approximately HK\$10.5 million for the year ended 31 March 2024. The Group's net loss was mainly attributable to the impairment loss on contract assets and trade receivables as this year's impairment loss is significantly more than prior year.

Impairment assessment on contract assets and trade receivables

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and retention receivables, deposits and other receivables, contract assets, cash and cash equivalents) on an annual basis. The Group has made appropriate write-off to its contract assets and trade debtors in accordance with the relevant reporting standards for the year ended 31 March 2025.

DIVIDENDS

No dividend was declared or proposed by the Board for both years ended 31 March 2025 and 2024.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 March 2025, the Group had total assets of approximately HK\$81.1 million (2024: approximately HK\$107.2 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$75.1 million (2024: approximately HK\$95.8 million) and approximately HK\$6.0 million (2024: approximately HK\$11.4 million) respectively.

The total interest-bearing loans and borrowings (interest-bearing bank and other borrowings) of the Group as at 31 March 2025 were approximately HK\$5.7 million (2024: approximately HK\$6.2 million), and current ratio as at 31 March 2025 was approximately 1.01 times (2024: approximately 1.04 times).

The Group's borrowings and bank balances are mainly denominated in Hong Kong dollars and there was no significant exposure to foreign exchange rate fluctuations during the year.

The Group's gearing ratio, which is calculated by total borrowings divided by total equity, changed from approximately 54.3% as at 31 March 2024 to approximately 94.4% as at 31 March 2025, primarily due to the significant decrease in total equity during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

The Shares were successfully listed on the GEM of the Stock Exchange on 26 May 2017 (the “Listing”). Immediately upon the Listing, the total issued share capital of the Company was HK\$13,000,000 divided into 1,300,000,000 Shares of par value of HK\$0.01 each.

On 31 July 2023, the Company proposed to conduct the Rights Issue on the basis of one Rights Share for every two existing Shares held on the Record Date at the Subscription Price of HK\$0.20 per Rights Share, to raise up to HK\$19.534 million before expenses by way of issuing up to 97,670,000 Rights Shares (“Rights Issue”).

On 8 September 2023, the Company issued 97,670,000 Rights Shares and the net proceeds from the Rights Issue were approximately HK\$18.33 million.

On 1 March 2024, Mega Charm International Holdings Limited, a wholly-owned subsidiary of the Company, completed a Sale and Purchase Agreement with Mr. Wong King Man. The consideration for the sale and purchase of the Sale Share was HK\$2.7 million in which the Company allotted and issued 16,500,000 shares at an issue price of approximately HK\$0.1636.

On 19 August 2024, the Company and Ms. Leung Yan Fan Youki (“Creditor A”) completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditor A has agreed to subscribe 22,560,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$3,045,600.

On 26 August 2024, the Company, Ms. Leung Yan Fan Youki and Ms. Hui Lai Ngar (collectively, the “Creditors Group A”) completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditors Group A have agreed to subscribe a total 19,540,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$2,637,900.

On 12 November 2024, the Company, Ms. Leung Yan Fan Youki, Ms. Hui Lai Ngar and Ms. Ng On Yi (collectively, the “Creditors Group B”) completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditors Group B have agreed to subscribe a total 70,320,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$2,250,240.

As at 31 March 2025, the Company’s issued share capital was HK\$42,193,000 (31 March 2024: HK\$30,951,000) divided into 421,930,000 (31 March 2024: 309,510,000) ordinary Shares of par value of HK\$0.10 (31 March 2024: HK\$0.10) each.

The share capital of the Group comprises ordinary shares only.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE FOR DEBT CAPITALISATION

On 19 August 2024, the Company and Ms. Leung Yan Fan Youki (“Creditor A”), completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditor A has agreed to subscribe 22,560,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$3,045,600. Please refer to the announcements of the Company dated 13 August 2024 and 19 August 2024 for further information.

MANAGEMENT DISCUSSION AND ANALYSIS

On 26 August 2024, the Company, Ms. Leung Yan Fan Youki and Ms. Hui Lai Ngar (collectively, the “Creditors Group A”), completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditors Group A have agreed to subscribe a total 19,540,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$2,637,900. Please refer to the announcements of the Company dated 22 August 2024 and 26 August 2024 for further information.

On 12 November 2024, the Company, Ms. Leung Yan Fan Youki, Ms. Hui Lai Ngar and Ms. Ng On Yi (collectively, the “Creditors Group B”), completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditors Group B have agreed to subscribe a total 70,320,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$2,250,240. Please refer to the announcements of the Company dated 5 November 2024, 6 November 2024 and 12 November 2024 for further information.

CAPITAL COMMITMENTS

As at 31 March 2025 and 2024, the Group did not have any capital commitments contracted but not provided for.

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed on note 3 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group has no future plans for material investments and capital assets as at 31 March 2025 and as at the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in this report, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY EXPOSURE

Since the Company’s business activities are mainly operated in Hong Kong and China, and the relevant transactions are denominated in Hong Kong dollars and Renminbi, the Directors consider that the Company’s risk in foreign exchange is insignificant. The Group did not engage in any derivatives agreements nor commit to any financial instrument to hedge its foreign exchange exposure during the year ended 31 March 2025.

PLEDGE OF ASSETS

Save for the pledged deposits to an insurance company with a value of approximately HK\$158,000, as at 31 March 2025 and 2024, the Group did not have other pledge of assets.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group employed a total of 10 employees (2024: 11 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$3.1 million for the year ended 31 March 2025 (2024: approximately HK\$4.1 million).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual contribution.

CORPORATE GOVERNANCE REPORT

The board of directors (the “Directors”) of Hao Bai International (Cayman) Limited (the “Company”) (the “Board”) is pleased to present this corporate governance report for the year ended 31 March 2025 in accordance with Rule 18.44(2) of the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The directors and management of the Company and its subsidiaries (the “Group”) recognise the importance of sound corporate governance to the long-term success and development of the Group. Therefore, the Board is committed to uphold good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, and protect the interests and create values for shareholders of the Company (the “Shareholders”).

During the year ended 31 March 2025 and up to the date of this annual report, the Company has adopted and complied with all the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the GEM Listing Rules, except for the below deviation.

CG Code F.2

Two executive Directors and two independent non-executive Directors were absent from the last annual general meeting of the Company held on 30 September 2024 as they were away from Hong Kong due to other important engagements at the time of this meeting. The Board considered that sufficient measures had been taken for the absent Directors to understand the views of shareholders, including having circulated the minutes of the annual general meeting to each of the absent Directors after the conclusion of the annual general meeting.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code during the Reporting Period. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with any new Corporate Governance Code and align with the latest developments.

BOARD OF DIRECTORS

The board (the “Board”) of directors (the “Directors”) of the Company and management of the Group aim to maintain high standards of corporate governance best suited to the needs of its businesses and interest and value of the shareholders of the Company (the “Shareholders”) as the Board believes that effective governance is essential to the maintenance of the Group’s competitiveness and to its healthy growth. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the CG Code and align with the latest developments.

The Board is directly, and indirectly through its Board Committees, responsible for the overall management of the business of the Group, formulating the Group’s overall strategic direction and maintaining appropriate levels of review, challenge and guidance in its relationship with the management. The management of the Group (the “Management”) is delegated with the authority and responsibility by the Board for the day-to-day management and administration of the Group. The Board is provided with regular updates from the Management to give a balanced and understandable assessment of the performance, recent development and prospects of the Group.

CORPORATE GOVERNANCE REPORT

The Board is the ultimate decision-making body for all matters considered material to the Group and be responsible to corporate governance functions either by itself or delegated to its Board Committees as set out in CG Code Provision A.2 of the CG Code which include the following:

1. to develop and review the policies and practice on corporate governance of the Group and make recommendations;
2. to review and monitor the training and continuous professional development of the Directors and senior management;
3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and
5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

COMPOSITION OF THE BOARD

As at the date of this report, the Board comprises six Directors, including two executive Directors ("ED"), one non-executive Director ("NED") and three independent non-executive Directors ("INED") as set out below:

Executive Directors

Mr. Ng Wan Lok

Ms. Wong Wing Hung

Mr. Wang Xinliang (ceased on 30 September 2024)

Mr. Chung Yu Ching (appointed on 22 May 2024 and resigned on 8 October 2024)

Mr. Shu Zhongwen (resigned as chief executive officer on 8 October 2024)

Non-executive Director

Ms. Shu Huajuan (appointed on 4 December 2024)

Independent Non-executive Directors

Mr. Cheung Hiu Fung

Mr. Yuen Wai Keung

Mr. Yiu Chi Wai (appointed on 4 December 2024)

Mr. Ma Meng (ceased on 30 September 2024)

Mr. Li Ruyi (resigned on 4 December 2024)

An updated list of Directors identifying their roles and functions has been published on the websites of the Company and the Stock Exchange. The profiles of the Directors, including relationship between Board members, are set out in the section "Biographical Details of the Directors" of this annual report.

CORPORATE GOVERNANCE REPORT

CHANGES IN DIRECTORS' INFORMATION

The change in director's information as required to be disclosed pursuant to (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules since the publication of the 2024 Interim Report of the Company, is set out below:

- Ms. Shu Huajuan was appointed as a non-executive Director of the Company with effect from 4 December 2024;
- Mr. Yiu Chi Wai was appointed as an independent non-executive Director and a member of the Audit Committee; Remuneration Committee and Nomination Committee of the Company with effect from 4 December 2024; and
- Mr. Li Ruyi resigned as an independent non-executive Director, ceased to be a member of the Audit Committee; Remuneration Committee and Nomination Committee of the Company with effect from 4 December 2024.

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors, representing at least one-third of the board and at least one of whom has appropriate professional qualifications, accounting or related financial management expertise. The Company has received from the INEDs the annual confirmation of their independence as of the date of this Report, and the Company considers such Directors to be independent in accordance with Rule 5.09 of the GEM Listing Rules.

The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired because of the diverse background and experience of our INEDs. Furthermore, all Board Committees including the Audit Committee of the Company (the "Audit Committee") have free and direct access to the Company's external professional adviser(s) when they consider necessary.

To the best knowledge of the Board, there are no other relationship (including financial business, family, and other material/ relevant relationships) among the members of the Board as of the date of this report.

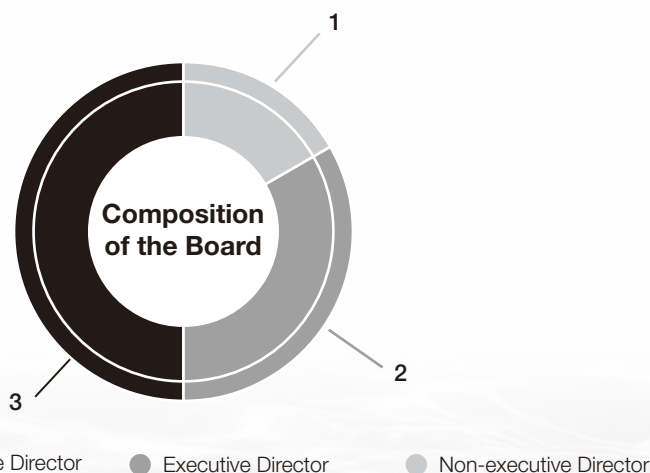
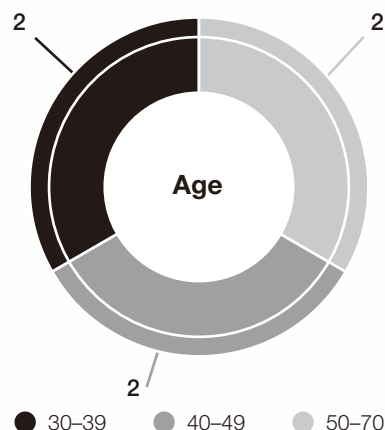
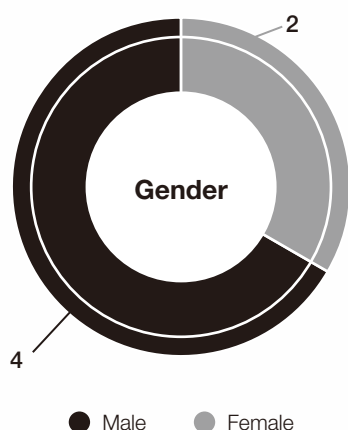
THE SEPARATE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

From 8 October 2024 onwards, the Company did not have a chief executive officer. while the Company has not have a chairman of the Board since 20 November 2023. The day-to-day management of the Group's business was handled by the executive Directors of the Company collectively. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's present business operations. The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes, including the appointment of a chief executive officer, are necessary.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY

The Board admits that board diversity is increasingly important as a factor to enhance corporate governance and promote board effectiveness. The current Board composition is well balanced with each Director having skills, experience and expertise relevant to the business operations, development and strategy of the Group and from a variety of backgrounds. There is a diversity of education, professional background, functional expertise, gender, age, culture and industrial experience.



A Board Diversity Policy was adopted in preparation for the listing of shares of the Company (the "Listing") and amended in December 2018 by the Board. The said Policy sets out the approach to achieve diversity on the Board and the factors (including but not limited to skills, regional and industry experience, professional experience, background, education, race, gender, age, culture and other qualities, etc.) to be considered in determining the composition of the Board so as to ensure the Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximise the Board's effectiveness. The Board reviews the Board Diversity Policy on a regular basis to ensure its continued effectiveness.

CORPORATE GOVERNANCE REPORT

Gender Diversity

The Board believes that gender diversity is a manifestation of board diversity, among all other measurable objectives. For the year ended 31 March 2025, the Board comprises four male directors and two female directors. The Company will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy as a whole.

Under the revised Rule 17.104 of the GEM Listing Rules that came into effect on 1 January 2022, a single gender Board would not be considered by the Stock Exchange to have achieved board diversity. The Company has always complied with this requirement since its Shares were first listed on GEM of the Stock Exchange back in May 2017. Yet, the Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified and will review the implementation and effectiveness of the diversity policy on an annual basis to ensure its continued effectiveness.

The Group recognises the importance of diversity and has a diverse workforce in terms of gender, providing a variety of ideas and levels of competency that contribute to the Group's success. In the hiring process, the Company takes into account a number of measurable factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional specialisation, experience, skills, knowledge and other qualifications. Appointment of candidates is solely based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Group.

As of 31 March 2025, the gender ratio of the Group's workforce is 70% male and 30% female. Overall, the Board considers the recruitment strategy adopted by the Group is effective and adequate. In determining the independence of Directors, the Board follows the requirements as set out in the GEM Listing Rules.

Measurable Objectives

For the purpose of implementing of the Board Diversity Policy, the following measurable objectives are being implemented:

1. at least one third of the Directors shall be independent non-executive Directors;
2. at least one Director is female; and
3. at least one Director shall have obtained accounting or other professional qualifications.

During the year ended 31 March 2025, all the measurable objectives have been fulfilled.

BOARD PROCESS AND MEETINGS

The Board meets regularly to determine the overall strategies, receives updates from management, approves interim and annual results and to consider other significant matters. Management also provides updates to the Board with respect to the business activities and the latest development of the Group on a regular basis.

Each Director ensures that he/she can give sufficient time and attention to the affairs of the Company and contributes to the Group's development through his or her constructive and informed comments. All the members of the Board disclose and update their number and nature of offices held and time involved on a regular basis.

CORPORATE GOVERNANCE REPORT

Five Board meetings were held during the year ended 31 March 2025 for approving the financial results, receiving the management updates and reviewing the compliance status of the CG Code, overall strategies and development of the Group. The individual attendance records at the Board and Board Committees meetings as well as the Company's annual general meeting held during the year ended 31 March 2025 are set out as below.

	Number of Board meetings attended/ eligible to attend	Number of Audit Committee meetings attended/ eligible to attend	Number of Remuneration Committee meetings attended/ eligible to attend	Number of Nomination Committee meetings attended/ eligible to attend	Annual General Meeting held on 30 September 2024
Executive Directors					
Mr. Ng Wan Lok	5/5	N/A	N/A	1/1	1/1
Ms. Wong Wing Hung	5/5	N/A	N/A	N/A	1/1
Mr. Wang Xinliang (ceased on 30 September 2024)	0/2	N/A	N/A	N/A	0/1
Mr. Chung Yu Ching (appointed on 22 May 2024 and resigned on 8 October 2024)	1/1	N/A	N/A	N/A	0/1
Mr. Shu Zhongwen (resigned as chief executive officer on 8 October 2024)	2/2	N/A	N/A	2/2	1/1
Non-executive Director					
Ms. Shu Huajuan (appointed on 4 December 2024)	N/A	N/A	N/A	N/A	N/A
Independent non-executive Directors					
Mr. Cheung Hiu Fung	5/5	2/2	N/A	1/1	1/1*
Mr. Yuen Wai Keung	5/5	2/2	1/1	3/3	1/1*
Mr. Yiu Chi Wai (appointed on 4 December 2024)	N/A	N/A	N/A	N/A	N/A
Mr. Ma Meng (ceased on 30 September 2024)	2/2	2/2	1/1	2/2	0/1
Mr. Li Ruyi (resigned on 4 December 2024)	3/4	1/2	1/1	2/2	0/1

* attended the annual general meeting through electronics means

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company renewed the service agreements with 2 of its executive Directors, namely Mr. Ng Wan Lok and Ms. Wong Wing Hung for another 3 years between 26 May 2023 and 25 May 2026 on the same terms and conditions.

CORPORATE GOVERNANCE REPORT

Each of the Company's independent non-executive Directors, namely Mr. Cheung Hiu Fung, Mr. Yuen Wai Keung and Mr. Yiu Chi Wai has been appointed for a fixed term of three years, with effective being 23 December 2022, 18 August 2023 and 4 December 2024 respectively, while Ms. Shu Huajuan, our non-executive Director, being appointed on 4 December 2024, has no fixed terms.

All directors' appointments are subject to re-election in accordance with the amended and restated Articles of Association of the Company (the "Articles") and termination in accordance with their respective terms.

Pursuant to Article 84 of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least every three years. However, a retiring Director shall be eligible for re-election. Any Director who is appointed by the Board to fill the casual vacancy shall hold office until next following general meeting of the Company and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall be eligible for re-election pursuant to Article 83(3).

As such, Ms. Shu Huajuan, Mr. Cheung Hiu Fung, Mr. Yuen Wai Keung and Mr. Yiu Chi Wai will retire from office as Directors and being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company in accordance with the Articles. Separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of each of them.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct regarding securities transactions by the Directors on the terms no less exacting than the required standard of dealing set out in Rules 5.46 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry to all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the year ended 31 March 2025. The Company has also established written guidelines on no less exacting terms than the Model Code regarding securities transactions by relevant employees (including the employees and Directors of the subsidiaries or holding company) who are likely to possess inside information of the Company and/or its securities.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of continuing professional development for the Directors to extend and refresh their knowledge and skills. Every Director keeps abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company. The Company also provided the Director's Induction to the Directors who had been appointed during the Reporting Period.

Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her roles, functions, duties and responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. Up to the date of this report, all Directors have confirmed to the Company that they have participated in trainings by attending seminars, conferences and/or reading material, webcast, newspapers, journals and updates related to the economy, the company's business or directors' duties and responsibilities.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board established three Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the Group's affairs. All Board committees were established with written terms of reference in compliance with the relevant code provisions of the CG Code, which are available at the Stock Exchange's website and the Company's website.

Audit Committee

The Company established an Audit Committee on 19 January 2017 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and paragraph D.3.3 and D.3.7 of the CG Code. Mr. Yiu Chi Wai was appointed as a member of the Audit Committee on 4 December 2024 while Mr. Ma Meng and Mr. Li Ruyi ceased and resigned as a member of the Audit Committee on 30 September 2024 and 4 December 2024 respectively.

As of the date of this report, the audit committee (the "Audit Committee") is chaired by our independent non-executive Director, Mr. Yuen Wai Keung, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules and consists of two other independent non-executive Directors, Mr. Cheung Hiu Fung and Mr. Yiu Chi Wai.

The Audit Committee is responsible for reviewing accounting policies and practices adopted by the Group. It also reviews and discusses matters related to the effectiveness of financial reporting, internal control and audit, and performs other duties as assigned by the Board, and reports its work, findings and recommendations to the Board after each meeting in respect of the above matters as well as the operating risks faced by the Group. The Audit Committee has to recommend the appointment, reappointment and removal, approve the remuneration and terms of engagement, review and monitor the independence, objectivity, resignation and dismissal of the external auditor, and maintain sufficient communication and discuss the nature and scope of the audit with the external auditor.

Two meetings were held during the year ended 31 March 2025. The audit committee also oversees the relationship with the external auditor, to review the Group's preliminary interim results and annual results and to monitor compliance with statutory and listing requirements.

Remuneration Committee

The Company established a Remuneration Committee on 19 January 2017 with written terms of reference in compliance with paragraph E.1.2 of the CG Code. Mr. Yiu Chi Wai was appointed as a member of the Remuneration Committee on 4 December 2024 while Mr. Ma Meng and Mr. Li Ruyi ceased and resigned as a member of the Remuneration Committee on 30 September 2024 and 4 December 2024 respectively. As of the date of this report, the Remuneration Committee was chaired by our independent non-executive Director, Mr. Yuen Wai Keung and consists of two independent non-executive Directors, Mr. Cheung Hiu Fung and Mr. Yiu Chi Wai.

The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of the Group and ensure that none of the Directors or any their associates determine their own remuneration.

One Remuneration Committee meeting was held during the year ended 31 March 2025 to make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the executive Directors, independent non-executive Directors and senior management, assessing performance of executive Directors and other related matters. Members' attendance records are set out in section headed "Board Process and Meetings" of this report.

CORPORATE GOVERNANCE REPORT

Further details of the Directors' remuneration for the year ended 31 March 2025 are set out on pages 119 to 120 of this annual report.

Nomination Committee

The Company established a Nomination Committee on 19 January 2017 with written terms of reference in compliance with paragraph B.3.1 of the CG Code. On 8 October 2024, Mr. Shu Zhongwen resigned as the chairman of the Nomination Committee and Mr. Ng Wan Lok was appointed as the chairman of the Nomination Committee. Mr. Cheung Hiu Fung and Mr. Yiu Chi Wai were appointed as a member of the Nomination Committee on 30 September 2024 and 4 December 2024 respectively. Mr. Ma Meng and Mr. Li Ruyi ceased and resigned as a member of the Nomination Committee on 30 September 2024 and 4 December 2024 respectively. As at the date of this report, the Nomination Committee consists of four members which is chaired by Mr. Ng Wan Lok, executive Director of the Company, and three independent non-executive Directors, namely Mr. Cheung Hiu Fung, Mr. Yuen Wai Keung and Mr. Yiu Chi Wai.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually, identify individuals suitably qualified to become Board members; assess independence of independent non-executive Directors and make recommendation to the Board on matters relating to appointment and re-appointment of Directors.

A Nomination Policy was adopted to enhance the nomination process and as a guidance on the selection process and board succession planning. The Nomination Committee utilises various methods for identifying director candidates, including recommendations from the Board members, the Management, and professional search firms and may review the resume and job history, conduct person interviews and verification of professional and personal references or perform the background checks, etc. On evaluation of the director candidates including incumbents and candidates nominated by the Shareholders, the Board and the Nomination Committee will take into account whether a candidate has the qualifications, skills and experience, and also factors like gender diversity that can add to and complement the range of skills, experience and background of the existing Directors and may consider the following qualifications are at a minimum to be required of a director candidate in recommending to the Board potential new Director, or the continued service of the existing Director:

- the highest personal and professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support the Management and make significant contributions to the Company's success;
- an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities; and
- independence as required by the GEM Listing Rules.

Three Nomination Committee meetings were held during the year ended 31 March 2025 to assess the independence of the INEDs, review the structure, size and composition of the Board and make recommendation to the Board on the re-election of the Directors at the Company's annual general meeting held in 2024. The Nomination Committee also reviewed the Nomination Policy and Board Diversity Policy and reviewed and recommended to the Board on the appointment of the new INEDs. Summary of the Board Diversity Policy and its implementation can be found on page 15 of this annual report. Members' attendance records are set out in section headed "Board Process and Meetings" of this report.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Lee Kun Yin was appointed as the chief financial officer and company secretary of the Company on 15 July 2021 pursuant to Rule 5.14 of the GEM Listing Rules. Mr. Lee qualified as a chartered accountant from the Big 4 firms in Sydney, Australia while he previously managed the Asia Pacific commission sales and client strategy business in equities for Credit Suisse and Standard Chartered Bank in Hong Kong. Mr. Lee also established and managed the business process outsourcing (BPO) business for Accenture in Hong Kong. Mr. Lee holds a Master of Commerce Degree from The University of New South Wales, Bachelor of Commerce and Bachelor of Arts Degrees from The University of Melbourne. Mr. Lee is a member of both the Chartered Accountants in Australia & New Zealand and Hong Kong Institute of Certified Public Accountants.

His primary contact person of the Company is Mr. Ng Wan Lok, an executive Director of the Company. Mr. Lee confirms that he has taken no less than 15 hours of relevant professional training for the year ended 31 March 2025 and is in compliance with Rules 5.15 of the GEM Listing Rules.

DIRECTORS' AND EXTERNAL AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the Group's consolidated financial statements, which are prepared on a going concern basis. Such responsibility of the Directors, and the responsibilities of the auditors in respect of the consolidated financial statements are set out in the report of the auditors of this annual report.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements relating to disclosure of inside information and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's consolidated financial statements, which are put to the Board for approval.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of external auditor about its reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report on pages 72 to 77 of this annual report.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT

The Group and the Board continuously recognise the importance of good internal control procedures including the procedures for handling and dissemination of confidential information and its effectiveness in safeguarding the Shareholders' interests. The Group has strictly prohibited unauthorised use of confidential information, or any use of such information for the advantage of any individual. In addition to the Company's financial reporting, as delegated by the Board, the Audit Committee is accountable for the oversight of the Company's risk management and internal control systems. The Audit Committee reviews the Company's financial controls, risk management and internal control systems on a regular basis.

The Group also established a set of risk management policies and measures. The Group's risk management process starts with identifying the major risks associated with its business, industry and market in the ordinary course of business. The Board and senior management are responsible for identifying and analysing the risk associated with their respective function, preparing and measuring risk mitigation plans and reporting the status of risk management. More information about the principal risks and uncertainties faced by the Group can be found on page 67 of this annual report.

During the year, the Company's internal audit team has conducted an internal control review on the effectiveness of the Group's internal control systems. The internal audit team is assigned with the task to perform reviews on operational, financial and compliance aspects and will alert the management on the review findings or irregularities, if any, advise on the implementation of necessary steps and actions to enhance the internal control systems of the Group. The internal audit team has also assessed the risk management functions of the Group. The results of internal control and risk management review and agreed action plans are reported to the Audit Committee and the Board for further follow-up actions.

During the year, the Group has complied with Principle D.2 of the Corporate Governance Code by establishing appropriate and effective risk management and internal control systems. The Group will continue to use its internal audit team to review its internal control and risk management functions.

INSIDE INFORMATION

Guidelines are provided to the Directors, management and relevant staff (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The procedures include, among others, regularly remind the Directors, management and relevant staff about the compliance with the securities dealing restrictions as set out in the GEM Listing Rules and the notification of the blackout period applicable to the publication of the annual and interim results of the Company respectively. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

All Directors and those employees who could have access to, and monitor, the information of the Group are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company considers stable and sustainable returns to the Shareholders to be its goal and endeavours to maintain a dividend policy to achieve such goal.

The Company has adopted a Dividend Policy as guidance on payment of the dividend. In deciding whether to propose a dividend and in determining the dividend amount, the Board would take into account the Group's results of operations, earnings performance, cashflows, financial condition, future prospects, as well as statutory and regulatory restrictions on the payment of dividends, and other factors that the Board may consider relevant. And the Board will review from time to time for determination on proposed dividend with the above factors taken into account, there can be no assurance that dividends will be declared or paid in any particular amount for any given period.

EXTERNAL AUDITOR

The Audit Committee is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, which is subject to the approval by the Board and at the general meetings of the Company by its shareholders. During the year ended 31 March 2025, the Audit Committee and Board had reviewed the term and conditions for the appointment and re-appointment of Infinity CPA Limited.

A breakdown of the remuneration (including disbursement) paid/payable to the external auditor of the Company in respect of audit and non-audit services provided to the Company during the year is set out below:

	Fee paid or payable for the services rendered	
	FY2025	FY2024
	HK\$'000	HK\$'000
Statutory audit services	390	360

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Communications with the Shareholders

The Board values the importance of communications with the Shareholders. As one of the measures to safeguard the shareholders' interests and rights, separate resolutions will be proposed at shareholders' meeting on each substantial issue including the re-election of individual directors. All resolutions put forward at the shareholders' meeting will be conducted by poll pursuant to the GEM Listing Rules and the poll voting results will be published on the Stock Exchange's website and the Company's website.

CORPORATE GOVERNANCE REPORT

An annual general meeting of the Company was held on 30 September 2024 to seek the shareholders' approval on, among other things, the granting of the general mandates to issue and repurchase the Company's shares and the re-election of the Directors. The Board members' attendance record can be found on page 17 of this annual report. The next annual general meeting of the Company will be held on 29 September 2025 and notice of the meeting will be sent to the Shareholders at least 20 clear business days before the said meeting.

Shareholders' Communication Policy

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders. The Company has established several channels to communicate with the shareholders as follows:

- corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the websites of the Stock Exchange and the Company;
- periodic announcements are published on the websites of the Stock Exchange and the Company;
- corporate information is made available on the Company's website; and
- annual and extraordinary general meetings, if any, provide a forum for the shareholders to make comments and exchange views with the Directors and senior management.

The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered that the policy was implemented effectively during the reporting period.

Procedures and Rights for the Shareholders to Convene Extraordinary General Meeting

The following procedures for shareholders to convene an extraordinary general meeting (the "EGM") are subject to the Articles, and the applicable legislation and regulation, in particular the GEM Listing Rules:

1. If any one or more shareholders of the Company (the "Shareholder") holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company submit a written requisition to the Board or the Secretary of the Company to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.
2. The Board should within 21 days from the date of the deposit for the requisition proceed duly to convene the EGM. If the Board failed to do so, 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 Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may also make reference to Article 58 of the Articles for further details.

CORPORATE GOVERNANCE REPORT

Shareholders who have enquiries regarding the above procedures may write to the Board at Room 210, 2nd Floor, Yick Tai Industrial Building, 650–652 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong.

For the procedures for putting forward proposals at the Shareholders' meeting of the Company, Shareholders who wish to make proposals or move a resolution may convene an EGM in accordance with the procedures mentioned-above.

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

If a shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with the appointment or election of Director(s), wishes to propose a person for election as a Director at that meeting, he/she may lodge a written notice at the Company's principal place of business in Hong Kong at Room 210, 2nd Floor, Yick Tai Industrial Building, 650–652 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong, for the attention to the Board. Detailed procedures for the Shareholders to propose a person for election as a Director of the Company can be found on the Company's website.

Investors Relations

The Board recognises the importance of maintaining an ongoing dialogue with the Shareholders through various channels including general meetings, announcements and corporate communications such as the interim and annual report. Latest information of the Group is also available at the Company's website.

The Company has adopted its Shareholders' Communications Policy. The Board welcomed enquiries and proposals from the Shareholders, investors and all stakeholders. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong at Room 210, 2nd Floor, Yick Tai Industrial Building, 650–652 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong, for the attention to the Board. Such written enquires or proposals with full name, contact details and identification must deposit and send to said address.

Any enquires in relation to the Company's shareholdings, share transfer or share registration may contact the Company's Hong Kong branch share registrar. Their contact details are set out in the section headed "Corporate Information" of this annual report.

WHISTLE-BLOWING POLICY

In compliance with paragraph D.2.6 of the CG Code, the Company has put in place whistle-blowing policy which applies to all the directors and employees (including but not limited to permanent, full-time, part-time and contract employees, etc.) of the Group and any parties who deal with the Group (including but not limited to investors, customers, contractors, suppliers, creditors and debtors, etc.). The policy is designed to provide the employees and any external parties with confidential whistle-blowing channels to report to the Group the actual or suspected illegal activities and misconducts in financial reporting, internal control or other areas.

Whistle-blowers are able to contact the Board and senior management. The identity of the whistle-blower and all the concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The Board which is responsible for oversight and monitoring of the whistle-blowing policy and mechanism, will make decisions on further actions (if needed) while the Company is also committed to ensuring the protection of the whistle-blower against detrimental or unfair treatment.

CORPORATE GOVERNANCE REPORT

ANTI-CORRUPTION POLICY

The Company does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities.

In compliance with paragraph D.2.7 of the CG Code, the Company has in place an anti-corruption and integrity promotion system within all its employees, which forms part of the Company's employees staff manual. Employees are required to act with integrity and to report any suspected bribery, corruptions and money laundering cases to senior management or the Board. The employees are required to declare any conflict of interest when performing their duties. The anti-corruption and integrity promotion system forms an integral part of the framework, outlining the Group's expectations and requirement of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices.

CONSTITUTIONAL DOCUMENTS

The Company first adopted its Memorandum and Articles of Association on 23 November 2015. An up-to-date version of the Company's Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website. There have been no significant changes in the constitutional documents of the Company during the year ended 31 March 2025.

CONCLUSION

Going forward, the Company will continue to review its corporate governance practices on a timely basis to maintain its high level of transparency. The Company will also try to enhance its competitiveness and operating efficiency in order to generate greater returns for its stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GENERAL

This is the Environmental, Social and Governance (“ESG”) report by Hao Bai International (Cayman) Limited (the “Company”) together with its subsidiaries (collectively referred to as the “Group”), reviewing and disclosing its environmental and social performance for the period from 1 April 2024 to 31 March 2025 (the “Reporting Period”). This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on the GEM Board of HKEX. This Report has also been prepared in full compliance with the mandatory disclosure requirements and “Comply or explain” provisions stipulated in the Guide.

This Report has been approved by the Board of the Group. Unless otherwise stated, the ESG Report covers the overall performance, risks, strategies, measures and commitment of the Group’s business operations in Hong Kong and Mainland China during the Reporting Period.

The principal activity of the Company is investment holding and the Company together with its subsidiaries (the “Group”) are principally engaged in design, procurement and installation services of the water circulation systems including but not limited to swimming pools, water fountains and water curtains. We provide services mainly to property developers, main contractors and sub-contractors in various private residential projects, hotel, casino, shopping and recreation complex projects in Hong Kong and China respectively, and our services can be categorised into:

- (i) Management contracting services – design, procurement and installation of water circulation systems and related maintenance services; and
- (ii) Consultancy services – provision of consultancy services on water circulation systems and engineering, procurement and construction management (“EPCM”) services of commercial and residential buildings and infrastructures in China.

BOARD STATEMENT

The Board is pleased to present the ESG Report of the Group, which demonstrates the Group’s ongoing achievements and commitments to enhancing its sustainability performance in areas including employment and labour practices, environmental protection, business operations, supply chain management, and corporate governance. As a responsible corporate, the Group views ESG commitments as part of its responsibilities and is committed to incorporating ESG considerations into its decision-making process.

The Group believes that prudent management of environmental and social issues is one of the key factors for long term success. To better understand the risks and opportunities for environmental protection, the Group ensures it complies with the requirements of regulatory authorities through an efficient operation management, policies and procedures as well as setting achievable targets, efficient energy measures and waste treatment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Governance Structure

The Group conducts a top-down management approach in regards to ESG issues and has developed a core governance framework to ensure the alignment of ESG governance with its strategic growth, while advocating ESG integration into its business operations. The structure of ESG governance is divided into two components, namely the Board and ESG task force (the “Task Force”).

The Board takes the ultimate responsibility for the Group’s ESG strategy and reporting, as well as overseeing and managing its ESG-related issues. The Board regularly reviews and confirms the Group’s ESG-related risks and opportunities, performance, goals and targets, progress made against ESG-related goals and targets, management approach, strategies, priorities of the Group’s material ESG issues and policies with the assistance of the Task Force. The Board also ensures the effectiveness of the ESG risk management and internal control mechanism.

The Task Force consists of representatives from different functional departments of the Group. The Task Force has the responsibility for collecting and analysing the ESG data, identifying and prioritising the Group’s ESG issues, monitoring and evaluating the Group’s ESG performance, ensuring compliance with ESG-related laws and regulations, as well as preparing ESG reports. The Task Force arranges meeting regularly to discuss and review ESG-related issues including but not limited to the effectiveness of current ESG policies and procedures, the Group’s strategic goals in terms of sustainable development, ESG-related risk and opportunities, and progress made against ESG-related goals and targets. The Task Force reports to the Board periodically and assists the Board to discharge its responsibility.

REPORTING SCOPE

The senior management of the Group discusses, identifies and has confirmed the reporting scope based on the materiality principle, the core business and main revenue source. The reporting scope of this ESG Report is approved by the Board.

The reporting scope of this ESG Report is comprised of the Group’s management contracting services which represent approximately all of the Group’s revenue. The ESG Report generally covers the Group’s business and operational activities in the Hong Kong office. The Group will continue to access the major ESG aspects of different businesses and extend the scope of disclosures when and where applicable.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group between 1 April 2024 and 31 March 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUTLOOK FOR THE GROUP

In the future, the Group will try to invest more manpower and resources in sustainable development, including resources efficiency and carbon reduction, to protect our planet. We will create a humanized and high-quality working environment for employees and ensure product safety and quality in the production process.

Meanwhile, we will also continue to communicate closely and effectively with our stakeholders, e.g. customers, employees, communities, suppliers, business partners, investors and regulatory authorities, listen to their opinions on the development of society and environment. We can only achieve our sustainable development and operation with the trust of our stakeholders.

REPORTING FRAMEWORK

The ESG Report has been prepared in compliance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix C2 of the Rules Governing the Listing Securities on GEM of the Stock Exchange.

Information relating to the Group’s corporate governance practices has been set out in the Corporate Governance Report of this annual report.

During the preparation of the ESG Report, the Group has applied the following reporting principles which are set out in the ESG Reporting Guide:

Materiality: The Group has conducted a materiality assessment to identify the material issues, and has adopted the confirmed material issues as the focus for the preparation of this ESG Report. The materiality of issues was reviewed and confirmed by the Board and the Taskforce. Details will be mentioned in the sections headed “Stakeholder Engagement” and “Materiality Assessment”.

Quantitative: The standards, applicable assumptions and methodologies used in the calculation of KPIs data are supplemented by explanatory notes where applicable.

Consistency: The preparation approach of this ESG Report were substantially consistent with 2024. If there are any changes that may affect comparison with previous reports, explanation will be provided to the corresponding data.

This ESG Report has undergone the internal review process of the Group and was approved by the Board.

REPORT PUBLICATION

This ESG Report is published in both Chinese and English. It is uploaded to the HKEX’s website and the Company’s website. Should there be any discrepancy between the Chinese and English versions, the English version shall prevail.

REPORTING BOUNDARY

In order to preserve a meaningful comparison, there was no material change to the methods of KPIs used by the Group in the years ended 31 March 2024 and 31 March 2025. Unless otherwise stated, the Report mainly discloses the ESG performance of the Group. For the year ended 31 March 2025, the Board is pleased to announce that the Group has complied with and maintained strict standards in regards to its ESG-related goals.

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STAKEHOLDER ENGAGEMENT

Opinions and feedback from the Group's stakeholders regarding its businesses and ESG aspects are greatly valued by the Group, as their expectations and concerns steer the Group towards sustainability, allowing the Group to formulate business and ESG strategies accordingly and appropriately. The Group has been maintaining close communication with key stakeholders by utilising a variety of engagement methods, and has summarised their respective expectations and concerns as follows:

Stakeholders	Expectations and Concerns	Communication Channels
Shareholders and investors	<ul style="list-style-type: none"> Corporate governance system Business strategies and performance Financial results 	<ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Financial reports Announcements and circulars Company website and email
Customers and business partners	<ul style="list-style-type: none"> Privacy protection Business integrity and ethics Quality of the services 	<ul style="list-style-type: none"> Email communications Business visits Regular meetings
Employees	<ul style="list-style-type: none"> Career development Health and safety Remuneration and benefits Equal opportunities 	<ul style="list-style-type: none"> Training, orientation, seminars, and briefing sessions Staff appraisals Internal meetings and email communication
Members of board of directors	<ul style="list-style-type: none"> Strategic planning and its effectiveness and sustainability Comprehensiveness and effectiveness of financial and internal control system 	<ul style="list-style-type: none"> Regular meetings and/or conference calls between board members
Sub-contractors	<ul style="list-style-type: none"> Fair tendering Business ethics and reputation Timely payment for supplied goods and services 	<ul style="list-style-type: none"> Management meetings and emails Business visits Review and evaluation
Suppliers	<ul style="list-style-type: none"> Product quality of the Company Operational stability of the Company 	<ul style="list-style-type: none"> Website of the Company Regular review of suppliers Supplier management meetings and events Supplier selection
Regulatory bodies and government authorities	<ul style="list-style-type: none"> Compliance with laws and regulations Implementation of policies 	<ul style="list-style-type: none"> Communication with regulatory authorities On-site inspections Tax returns
Media, non-governmental organizations and the public	<ul style="list-style-type: none"> Environmental protection Health and safety 	<ul style="list-style-type: none"> ESG reports Company's website Issue of financial reports

The Group aims to collaborate with its stakeholders to improve its ESG performance and create greater value for the community on a continuous basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

To consider the feedback from various stakeholders on relevant ESG issues, the Group has assessed its importance to its businesses and stakeholders by summarising in below table:

ESG Index	Material ESG Issues	Materiality
A. Environmental		
A1: Emissions	Air emissions	Low
	Noise emissions	Medium
	Waste management	Low
A2: Use of Resources	Electricity consumption	Medium
	Water consumption	Medium
	Paper, packaging and other raw material consumption	Low
A3: The Environment and Natural Resources	Impact on environment and natural resources	Low
A4: Climate Change	Impact of climate-related issues on the Group	Medium
B. Social		
B1: Employment	Recruitment, promotion and dismissal	Medium
	Remuneration and benefits	Medium
	Diversity and equal opportunity	Medium
B2: Health and Safety	Working environment	Medium
	Work-related fatalities and injuries	High
B3: Development and Training	Staff development and training	Medium
B4: Labour Standards	Prevention of child and forced labour	Low
B5: Supply Chain Management	Fair and open procurement	Medium
	Environmental and social risks of the supply chain	Medium
	Promotion of environmental preferable products and services	Medium
B6: Product Responsibility	Product quality and customer complaints	High
	Advertising and labelling	Low
	Protection of IP rights	Medium
	Data privacy protection	Medium
B7: Anti-corruption	Whistleblowing policy and anti-corruption training	Medium
	Corrupt practices	Medium
B8: Community Investment	Community involvement and resources contribution	Medium

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTACT US

The Group welcomes stakeholders to provide feedback on its ESG approach and performance. If you have any enquiries, you are welcome to contact us by:

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Tel: +852 2388 8311
Email: sales@harmonyasia.com

(A) ENVIRONMENTAL

The Group is well aware that the earth provides abundant natural resources for mankind, but we cannot make endless demand because human beings and the natural environment have an interdependent relationship. Therefore, the Group is committed to reducing the impact of its business operations on the environment, and takes responsibility for environmental protection. The Group's operation activities involve both indoor planning and management works, and outdoor heavy duty operation, construction and installation works. As a responsible corporation determined to protect the environment, site workers and society, the Group insists on abiding by relevant environmental laws and industry regulations to ensure a sustainable and eco-friendly operation and production process. With this principle and policy, it is translated as the one of the “business goals” for the Group to achieve during planning, design procurement and implementation stages of the installation jobs. Accordingly, the Group has implemented policies and taken measures to ensure our operation and activities to be carried out in an environmentally responsible manner, to minimise adverse impacts on the environment and the site workers as well as the surrounding communities.

The Group hopes to encourage its employees to make good use of resources, develop energy conservation habits, reduce our impact on the environment and protect the environment through the implementation of the relevant environmental protection policies and codes. In addition, to reinforce the implementation of respective environmental measures, the Group has a clear division of labour amongst various departments, whereby the administration department is responsible for the overall environmental control. It monitors the implementation of different environmental measures, including energy consumption, and sets up relevant reward initiatives.

During the course of installation works, the resources such as electricity, fuel, diesel, plywood, water and certain materials (such as pipes, filters, valves) will be consumed. In our trade practice, the majority of the installation works are sub-contracted or co-operated with other sub-contractors normally on lump-sum underwriting contract basis. The Group will generally estimate budget on the value and quantities of raw materials and utilities to be spent and closely monitor the actual consumption among different sub-contractors. This is used to minimise both in cost and quantities of raw materials that would not adversely affect the environment during the course of installation works.

Scope of greenhouse emission	Unit	Total in 2024/25	Total in 2023/24	Increase/ decrease (+/-)
Scope 1 – direct emissions	Tonnes	N/A	N/A	N/A
Scope 2 – indirect emissions (electricity)	Tonnes	12.72	11.36	+12%
Scope 3 – other indirect emissions (water)	Tonnes	0.03	0.03	0%
Total emissions	Tonnes	12.75	11.39	+12%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As a social and environmentally conscious corporation, the Group plays an active role to patrol and/or to station in the construction and installation sites to ensure:

- The working procedure and process are in compliance with all the relevant laws and rules of industries;
- The polluted emissions and wastes generated are appropriately handled;
- The working environment is almost risk free; and
- The natural resources, power (electricity, fuel and diesel), water, and construction materials are not excessively used or unreasonably wasted.

During the Reporting Period, the Group was not aware of any material non-compliance with environmental related laws and regulations, including but not limited to the Air Pollution Control Ordinance, the Waste Disposal Ordinance and the Water Pollution Control Ordinance of Hong Kong.

A1 Emissions

(i) *Air Pollutant and Noxious Odour Emissions*

Indirect non-hazardous gas emission of carbon dioxide (CO₂) from the use of electricity, and hazardous gases emission of sulphur oxide (SO_x), nitrogen oxide (NO_x) and particulate matter (PM) from the use of fuel and diesel are generated during the installation works on the construction sites. A special kind of dust pollutant will also be produced. In many circumstances, the use of certain chemicals to cleanse the environment or to burn out the wastes will generate noxious odours which will irritate the site workers and people of the surrounding areas.

We are dedicated managing these emissions and our business is subject to Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), Waste Disposal Ordinance, Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法), Law of the People's Republic of China on Environmental Impact Assessment (中華人民共和國環境影響評價法), Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例), Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法), Decision of the State Council on Several Issues Concerning Environmental Protection (國務院關於環境保護若干問題的決定) and other relevant regulations promulgated by the government and applicable to the Group. We have devised and, arranged procedures and carried out the works in such a manner so as to minimise the greenhouse gas emissions. Regarding dust pollutant, we have implemented several simple and effective measures like using waste water to hose down and clear the dust from surfaces to reduce its emissions. To effectively manage these air emissions, we have engaged experienced personnel with appropriate trainings to provide guidance on the implementation of those measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Apart from the project sites, as disclosed in last year ESG report, the Group has continued to implement measures in our Hong Kong office to monitor the use of electricity and other forms of energy in order to reduce their usage on one hand to reduce operation costs, and on the other hand to reduce greenhouse gas emissions.

During the Reporting Period, the Group was not aware of any material non-compliance on the relevant laws and regulations for the above matters.

(ii) Noise Emissions

During installation works on construction site, disturbing noises will be generated. Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) govern the noise from construction, industrial and commercial activities. We are required to get noise permits from the Environmental Protection Department for relevant construction activities in advance, and to carry out the activities during restricted hours. As a means to reduce the impacts to the public, the Group has carried out the construction activities during the permitted hours and days, conducted noise level monitoring, and if required, installed noise barriers.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations on noise emission control, and had not received any direct complaints from the public and fines or warning notices from the Environmental Protection Department.

(iii) Hazardous and Non-Hazardous Wastes

During installation works on construction site, wastes, mostly bulky and non-hazardous one, are generated. Storage, collection, treatment, and disposal of these wastes are subjected to the requirements such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法), the Circular Economy Promotion Law of the People's Republic of China (中華人民共和國循環經濟促進法), Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) and other relevant laws and regulations. According to the Waste Management System of Waste Area (廢品區廢棄物管理制度) and Management System of Photocopier Repair and Waste Toner (影印機修理及廢棄墨粉管理制度). The Group has implemented a waste management hierarchy that prioritises avoidance, reduction, reuse and recycling, over disposal. Our project teams have carefully planned the work programmes to avoid over-ordering of construction materials. Furthermore, good site practices have been adopted to prevent cross contamination of materials. Reusable plywood and metal formwork have been carefully selected for reuse at site or other sites to reduce material consumption. For excavated materials from the site, they have been sorted, segregated and reused as refilling materials at the premises as frequent as possible. Remaining construction materials generated have been sent to designated landfills by qualified waste collectors in accordance with the relevant requirements.

For our Hong Kong office, the major hazardous wastes were light bulbs, printer toner cartridges, batteries and obsolete computer and small machines during the Reporting Period. All these hazardous wastes were collected by qualified collectors for further handling. There is only a small amount of office and staff living non-hazardous wastes such as typing paper and packaging materials are generated, which are collected by the property management offices.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group was not aware of any material non-compliance with all the relevant laws and did not receive any complaints or fines or warning notices from the public or the relevant environmental agencies on our waste disposal activities.

(iv) Waste Water

The Group, as a specialist on design, procurement and installation of water circulation systems, fully understands the art, technology and requirements of “how to manage water efficiently, economically and effectively” including fresh and waste water. During the construction and installation works, large amounts of water will be used for cooling and cleaning purposes and waste water will be generated. Waste water discharge is under the control of the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong). The Group has implemented all the necessary measures to reduce the production of waste water. In our work sites, waste water has been collected, filtered and treated for reuse on site such as wheel washing and mud cleaning. If waste water is produced in a larger volume, the Group will apply for a special permit to collect and to discharge them onto specially approved sites.

The Group also encourages employees to consume less and generate less waste water at our office.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and had not received any complaints or fines or warning notices from the public or the relevant environmental agencies on our wastes water disposal activities.

(v) Mitigation Measures on Emission and Results

At construction sites where our installation work takes place, a substantial volume of hazardous and non-hazardous emissions including air, water and solid wastes as mentioned above are generated. Even though we can only play a relatively passive role on this control in the construction site as a whole, as a socially and environmentally responsible corporation, we have been proactively involved in the emission management process with other sub-contractors and the site-work operators. As discussed in our previous ESG reports, we advocate to minimise emissions through economic, efficient and smart uses of resources, controlling and stopping wastage, recycling of water and construction materials for reuses, proper handling of water and solid wastes, saving the use of energy in our daily operation and activities, etc. During the Reporting Period, the Group was not aware of any material non-compliance of all the relevant environmental laws and industries regulations that the Group should abide. The Group believes that through our strict measures and implementation stance, we have discharged our duties satisfactorily in terms of social and environmental improvements.

A2 Use of Resources

The Group's operation in the construction and installation sites use a variety of resources: energy in the form of electricity directly from the city grid, fuel and diesel, fresh water, printing paper, plywood, steel and many types of construction materials such as sand, clay, tiles, etc., while in the management office, electricity, water and paper are used. However, as discussed above, the sites resources usage is not directly under our account, but we, as a socially and environmentally responsible corporation, have actively involved in the management and control and aim to protect the environment by saving the natural resources through implementing various measures to reduce their consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group understands that effective resources management is conducive to environmental protection and is closely related to the sustainable development goals of the Company. We actively enhance our energy efficiency, promote green office and energy conservation and emission reduction, while requiring our employees to strictly comply with the relevant regulations and policies. We encourage our employees to take conservation of resources seriously and uphold the environmental protection idea. Meanwhile, in order to tackle potential energy supply issues during daily operation, the Group proactively optimises its energy protection and prevents suspension of energy supply.

The Group adopts and implements the 3R principle – Reduce, Reuse and Recycle as far as possible in achieving efficient use of energy, water and other raw materials.

All levels of the Group are mindful of the importance of energy saving and its implications to the community and the planet. Continuous monitoring on sites and in office enables us to reduce or use energy and other resources, particularly water, in smart ways. Directional instructions and advice which we disclosed in our previous ESG reports, and future educational programs are and will be the main driving force in this aspect.

(i) Electricity Consumption

For the Reporting Period, approximately 20,000 kWh of electricity was consumed for the Group's Hong Kong office operation, which is approximately 11% more compared with last year for respective projects. The Group encourages employees to (a) develop a good habit of switching off all lights and electronic equipment if not in use, (b) separate, recycle and reuse of waste when possible, and (c) use natural ventilation instead of air-conditioning whenever the conditions allow.

(ii) Water Consumption

Water is supplied from the city central water system. The use of fresh water in the office is for staff general operating purpose, and a total of 33 cubic meters (2023/24: 33 cubic meters) was used for the Reporting Period. At all times, we request our staff and workers to use fresh water smartly and be responsible and we monitor water usage patterns constantly via the use of smart metres. We will continue to monitor this KPI closely even though the consumption amount is insignificant while our staff has been constantly reminded to save on water consumption. Though amount is insignificant, our staff has been constantly reminded to save on water consumption.

(iii) Paper, Packaging Materials and Other Raw Materials Consumption

Given today's complex construction industry context, it is inevitable to use paper, whereby we need to print drawings, details, etc., for the purpose of site inspection, presentations, etc. Hardcopies of documents also need to be kept on site daily, such as daily tool box meeting records, inspection forms, progress reports and claims, etc. The Group has encouraged employees on best efforts to replace and reduce the use of paper by using electronic means and recycled papers.

Packaging materials involved in the construction and installation sites are minimal as our finished products are building or construction items.

Plywood is identified as the most common natural resource used by our construction and installation operation for formwork. We continuously recycle and reuse plywood for different projects until they are not suitable for further use.

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Overall, the Group often review the effectiveness of the aforesaid measures and make adjustments according to our operation to improve the efficiency of the use of resources.

In summary, we strive to promote environmental awareness by identifying and assessing potential environmental risks and making efforts to reduce resource consumption, with the following specific measures:

- (a) Encouraging employees to develop the good habit of switching off all electronic equipment, separating, recycling and reusing of waste before leaving after work;
- (b) Regulating our employees' use of office appliances under the principle of "switch it up only when you need to use it, put it idle when you don't, and shut it down after work", so as to reduce energy consumption at idle;
- (c) Reducing the use of unnecessary lighting in public area under adequate sunlight, and employing energy conserving lighting system;
- (d) Regulating our employees' water usage so as to avoid waste;
- (e) Maximizing paperless office operation, with information transmission through the network;
- (f) Encouraging double-sided printing as well as waste paper recycling; and
- (g) Performing regular inspection and maintenance on our equipment, improving the energy-consuming devices inside to ensure efficient operation. We often review the effectiveness of these measures and make adjustments according to our operation to improve the efficiency of the use of resources.

A3 The Environment and Natural Resources

As discussed above, the Group is fully aware that its activities and operation may generate significant environmental impacts if they are not properly managed. The operation and activities consume large amounts of energy, water and other natural resources and generate various types of emissions, water and solid wastes. We have actively and directly introduced and implemented eco-friendly practices to reduce and conserve energy, fresh water and other natural resources, and to minimise the impact on the environment directly or indirectly. We have managed and handled our air, water and solid emissions properly to comply with the environmental laws and regulations of the regions which we are operated. We cooperate with the local government agencies and support environmental organisations' activities to build a "clean and safe" environment and society.

As certain procedures produce noises during constructions, which may cause impacts to the residents nearby, the Group adopts necessary measures to minimise noises in compliance with the Noise Control Ordinance. The Group conducts construction during designated time and ensures inspection and maintenance of equipment before use for compliance of permitted noise level.

The Group also monitors the indoor air quality at workplace on a regular basis. By installing air purifying equipment in the workplace and regularly cleaning air conditioning systems, the Group maintains a good indoor air quality, which leads to a pleasant working environment for its staff.

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We have established, and have been following and maintaining an efficient environmental management system, which advocates environmental protection practices in a number of areas:

- (a) Strictly complying with relevant environmental laws and regulations while continuing to improve our environmental system;
- (b) Reducing the use of equipment with higher energy consumption and using energy-efficient electronic equipment during daily operation;
- (c) Adopting green procurement and reusing resources as allowed;
- (d) Improving production techniques, adopting green production such as lowering emission of exhaust gas and treating wastewater; and
- (e) Minimising noise pollution during production by selecting low-noise equipment, implementing effective noise cancelling measures through improving production techniques; and separating waste from daily operation into hazardous and non-hazardous waste, increasing the waste recycling rate to reduce damage to the environment.

During the Reporting Period, the Group was not aware of any irregularities on natural resource consumption was reported to the management.

A4 Climate Change

The Group recognises the importance of identification of significant climate-related issues and mitigation of the related risks, therefore, the Group is committed to managing the potential climate-related risks which may impact the Group's business activities. In order to reduce carbon emissions in business operations and jointly cope with climate change, the Group actively advocates the green policy of sustainable development and strives to save energy, water, paper and other resources within its capacity. We proactively raise our staff's environmental awareness and implement relevant measures in energy saving and reducing emission in daily operation so as to establish a low-carbon office. During the Reporting Period, the Group has formulated the Climate Change Policy and conducted a climate change assessment to identify and mitigate the potential climate-related risks that may arise from its business operations. These risks mainly stem from the following dimensions:

Physical Risks

The increase in frequency and severity of extreme weather such as typhoons, storms and heavy rains can disrupt the Group's operations by damaging the construction work, hindering its employees from work, especially outdoor inspection work. The extreme weather may also disrupt the supply chain and hinder the construction projects due to the delayed transportation or disturbance of the construction material manufacturing. These could result in temporary, permanent or partial halt of the Group's business operations, which exposes the Group to risks associated with non-performance and delayed performance.

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To better manage the above mentioned physical risks, the Group has formulated a contingency plan and relevant policies, which sets out appropriate solutions for employees to follow, therefore to reduce the negative impacts brought by extreme weather events to the Group. When extreme weather events occurred or possibly happened, the senior management will timely communicate with employees about the work arrangement to ensure staff safety and operation continuity according to the plan. The Group will also review the response plan from time to time to ensure its employee know how to response if any of the essential work is hindered under the extreme weather events.

Transition Risks

Policy and Legal Risks

There are more stringent climate legislations and regulations to support global vision for decarbonisation. For example, the Stock Exchange has required the listed companies to enhance the climate-related disclosures in their ESG reports. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also decline due to failure to meet the compliance requirements for climate change. The Group's related capital investment and compliance costs thus increase.

In response to policy and legal risks as well as reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate change and ensure the senior management is aware of the changes in policies or legislation so as to avoid unnecessary costs or non-compliance fines incurred and to reduce reputation risks resulting from delayed responses.

Market Opportunities

Due to the advocacy of "Net Zero", an ambition to achieve net zero carbon emissions, and the global vision of decarbonisation, there are increasing number of investors and customers who are aware of combating climate change. If the Group enable to implement effective measures to manage climate risks, and even provide green building alternative in its service, the attractiveness of the Group to investors and customers may significantly increase. Therefore, the Group intends to maintain a high transparency in ESG reporting and its related activities which establish trust and confidence between its relationship with investors and customers. The Group will also conduct research and may develop more on green building service in the future.

(B) SOCIAL

The Group is committed to conducting business in an honest, accountable and ethical way and strives to build mutually beneficial relationships with our stakeholders, including our employees, customers, suppliers, sub-contractors, communities, as well as the public and governing authorities. On formulation of ESG strategies and policies, we incorporate our long term corporate development goals with considerations on the stakeholders and society with a belief that we can make a difference to the world at large and the communities in which we operate.

Employment and Labour Practices

B1 Employment

As reported before, employees are the most valuable assets of the Group, and the Group's success depends highly on their skills, passion and commitment. On one hand, we ensure employment and labour practices are implemented according to the relevant labour laws and the employment ordinance, on the other hand we establish clear policies and guidelines to attract and retain talents. We provide equal employment opportunities to all without discrimination in hiring, promotion, dismissal, and remuneration and welfare packages, training and development.

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Our recruitment process follows market practices in our industry. We specify the requirements of the vacancies, and will advertise as well as head-hunt through employment agencies. We promote equal opportunity, diversity, anti-discrimination in our selection process which includes background checks, tests and interview. Successful applicants for general staff will be decided by human resources manager and related department head and for senior management will be decided by the Chief Executive Officer.

The Group respects the laws in the areas where its people are employed, including the Employment Ordinance in Hong Kong, Labour Law of the People's Republic of China (中華人民共和國勞動法), Civil Code of the People's Republic of China (中華人民共和國民法典), Regulation on Labour Security Supervision (勞動保障監察條例) and the Labour Basic Standard Law (勞動基準法) of the People's Republic of China, and formulates its own employment and labour practices in accordance with the industrial practices.

Recruitment and Promotion Policy

The Group's recruitment processes are made based on operational needs, business growth, and requirement of occupational skills and qualifications. Suitable employees are selected after careful analysis of their personal moral standard, professional skills, work experiences and relevant qualifications. We do not allow any personal relationship and interest as priority and prohibit any form of discrimination. We have built a comprehensive performance assessment and promotion system, evaluating the job performance of employees to make sure that each and every employee is entitled to reasonable promotion opportunities, with a view to creating a harmonious corporate culture.

Dismissal Policies

In general, the Group will lay off employees for the following reasons:

- i. Unsatisfactory performance of an employee for a prolonged period of time, or his/her capability and skills do not meet the required level of the respective position so that he/she cannot perform the job duties;
- ii. Serious violation of laws, regulations and employment policies to the level that he or she should be dismissed; and
- iii. Objective condition where the company is not able to subsist.

If an employee is dismissed due to the above reasons, the Group will follow the procedures to handle and make reasonable compensation to the dismissed employee according to the guidance under relevant employment law and the relevant provisions on termination of the employment set out in the employment contracts of every staff.

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As at 31 March 2025, the employment characteristics are summarised below:

Description		2024/25	2023/24	Increase/ decrease (+/-)
(i)	Total number of employees	10	11	-9%
(ii)	Female/Male ratio	1:3.3	1:5.5	+12%
(iii)	Number of office employees including Executive Director and senior management roles	2	5	-60%
(iv)	Age distribution			
(a)	20–40	40%	36.3%	3.7%
(b)	41–60	60%	63.6%	-3.6%

From the above comparisons, the Group has a stable management structure and its business was in a steady growing stage to looking for potential business activities.

Employee Compensation and Benefits

One of the major ESG aspects raised by the Group's employees was benefits and compensation packages. The Group addresses salary and compensation packages in a transparent manner by disclosing its salary benchmarking exercises to employees.

Our Group follows Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). Remuneration packages are linked to individual performance, the Group's business performance, and taking into consideration of industry practices and market conditions, and will be reviewed on an annual basis. Senior management staff and directors' remuneration is determined with reference to his/her duties and responsibilities with the Group, the Group's standards for emoluments and market conditions and being reviewed by the remuneration committee of the Company regularly. In compliance of laws, Mandatory Provident Fund (MPF) has also been arranged for all the Hong Kong employees respectively.

During the Reporting Period, the Group ensured all its employees can enjoy benefits such as salaries, holiday and leave, compensation, insurance and health benefits without disputes, violations or litigation related to employment.

Equal Opportunities and Diversity

The Group is committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. The Group is dedicated to maintaining workplaces that are free from discrimination, physical or verbal harassment against any individuals on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. The Group also has zero tolerance of sexual harassment or abuse in the workplace in any forms. Any employee who is intimidated, humiliated, bullied or harassed (including sexual harassment) may report to the employee's representative, or file complaints directly to the senior management, and the Group will take serious approaches to resolve these issues upon receiving the said complaints.

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Apart from maintaining a diversified workforce, the Group also recognises the importance of maintaining diversity within the Board so as to enhance the quality of its performance, while achieving sustainable and balanced development. Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and any other factors that the Board may consider relevant and applicable from time to time. As at 31 March 2025, the Board comprised of both male and female directors with various educational background and professional experience.

Communication with Employees and Corporate Culture

We highly value employee opinions, for which we have set up diversified channels between the management and our employees to listen earnestly to the suggestions and ideas of all employees and facilitate communication between them and enhance their efficiency in this aspect. We hold in high regard the employees' understanding of the corporate culture. We aspire, through turning the corporate culture into actions from philosophy, creating a concrete idea from abstract concept, and exploring oral and written forms, to raising employees' comprehension of our corporate culture, thereby strengthening their sense of belonging. To strengthen connections between employees and promote work-life balance, the Group has arranged a series of corporate and social activities for employees to enhance corporate culture and their sense of belonging. During the Reporting Period, the Group organised various corporate activities and team-building dinners, providing good opportunities for all employees to relax and communicate.

B2 Health and Safety

The Group is committed to provide a safe, healthy and pleasant working environment in its office and project sites. We have equipped the office with adequate equipment and facilities to ensure safety and convenience to employees. The Group has established work safety rules and policies, which are in all material aspects in compliance with all the relevant laws, rules and regulations relating to safety and health requirements of Hong Kong including: Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong), Production Safety Law of the People's Republic of China (中華人民共和國安全生產法) and Labour Law of the People's Republic of China (中華人民共和國勞動法). All permanent staff have been covered with insurance as required by laws. All employees are also requested to strictly observe the health and safety policies, to follow safety rules at work and to place safety as their priority during work at all times. The Group places the highest priority on securing occupational safety and health of all our employees, and endeavours to protect employees from work related accidents and injuries.

Pursuant to the statutory requirements of the Factories and Industrial Undertakings (Safety Management) Regulation (Chapter 59AF of the Laws of Hong Kong), safety audits have been conducted periodically in office and on project sites to check the efficiency, effectiveness and reliability of the safety management and set up plan for further remediation and improvement actions.

We understand the increasing concern from employees and the society over work pressure and potential problems and the balance between work and life is very important to employees. Hence, we proactively care about our employees, so as to achieve pleasant mental health. The Group regularly organises and encourages its employees to participate in various kinds of activities that can promote their awareness of health, including lunch gatherings, long-distance running and other outdoor events. We hope to enhance their enthusiasm, understanding with each other, and thus the cohesiveness, so as to create an agreeable working atmosphere.

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The Group has always paid close attention to the health and safety of our employees in its office. We take the health and safety of all employees as our priority, and attach great importance to the implementation of epidemic prevention and control. Some measures include:

- i. Employees are required to take their own temperature at home before going to work. If the body temperature exceeds 37.5 degrees, they shall observe the high temperature situation and report at any time;
- ii. Employees are forbidden to go to work when sick or not feeling well. No concealment is allowed;
- iii. Using telephone or video as priorities to have meetings with suppliers. If it is necessary to pay a visit, it is required to communicate with customers on visiting request by telephone call in advance, cooperate with them for safety inspection, and wear a mask during the entire trip;
- iv. Disinfecting the Company's common areas, including corridors, offices, meeting rooms, and toilet on a daily basis; and
- v. Adding enough hand sanitizer.

During the Reporting Period, the Group was not aware of any material non-compliance cases relating to health and safety while there were no fatalities, work injury, occupational health and safety hazard cases recorded. Through the continued efforts in training and monitoring of health and safety in our workplaces, the Group continues to target a zero injury and causality result for the coming year.

B3 Development and Training

The Group values its employees as human capital and commits to investing resources to refresh their standards, skills and knowledge so that they can maximise their contribution to the Group's growth and success. The Group supports continuous learning and recognises its importance to the development of the employees, and would sponsor employees to attend internal and external training programs relevant to their work to improve their skills and knowledge.

On the training side, apart from orientation programmes for new employees to familiarise them with the Group's general working environment, work culture and safety awareness, on-the-job training programmes and guidance from supervisors are also provided to enhance their technical or product knowledge.

A record of the development and training programmes with a breakdown of the types, number of attendants and hours attended has been established, chosen and maintained as a KPI to facilitate the management team to assess the human resources plan, and the performance improvements.

The Group evaluates the effects of the training and our employees' performance to adjust the training programs. We always pay close attention to the latest policies and regulatory updates, so that our directors and senior management fully understand the new legal requirements, systems and industry knowledge.

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Internal Development

The Group is well aware that talent training is the most important work above all, so the Group actively trains its employees to enhance efficiency and build a future management team. Therefore, the Group offers employees with enormous room for internal promotion. We aim to reward employees with outstanding performance and remarkable results in assessment. When there are suitable vacancies, we would prioritise the internal promotion of existing employees, with a view to building their confidence and sense of belongings, as well as reducing employee turnover. In addition, we will make adjustment to different positions according to actual needs while employees are allowed to request changes of job positions for personal circumstances.

During the Reporting Period, 10 employees (FY2024: 11 employees) of the Group have received a total of 80 hours (FY2024: 88 hours) of training in the Reporting Year, the corresponding percentage of employees who received training was 100% (FY2024: 100%). The percentage of trained employees by gender was 70% for male and 30% for female, while by employment level was 10% for general staff, 20% for middle management and 70% for senior management. On the other hand, the average training hour by gender was 8 hours for male and 8 hours for female, while by employment level was 8 hours for general staff, 24 hours for middle management and 48 hours for senior management.

Moving forward, the Group will continue to invest more resources into its employee training and development, so that its staff can keep abreast of the market changes and demands.

B4 Labour Standards

The Group has strictly complied with Labour Law of the People's Republic of China (中華人民共和國勞動法), Labour Contract Law of the People's Republic of China (中華人民共和國勞動契約法), Employment Ordinance (Cap. 57 of the Laws of Hong Kong), and Civil Code of the People's Republic of China (中華人民共和國民法典). The Group has honoured all of its obligations towards its employees and has built a safe, healthy and pleasant working environment. No child or forced labours have been employed. Equal opportunities have been given to employees in respect of recruitment, training and development, job advancement, and compensation and benefits. The employees have not been discriminated against or deprived of opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws.

In the past 12 months, there were no labour strikes within the Group and we did not experience any material labour disputes nor any material insurance claims related to employees' injuries. We firmly believe that we have maintained a good working relationship with our employees.

The Group strictly prohibits employment of children, swindle of child labour, forced child labour and other form of forced labour. When hiring people, we require the applicants to present their IDs and academic certificates, and other identity proving documents to ensure that we will not end up hiring child labour. We will also make sure there are no forced labour-related complaints by specifying the time and nature of work when signing the labour contracts with our employees. The Group will review and further improve its labour mechanism from time to time. The Group also actively protects employees from any form of harassment or bullying at work. We hold a very high personal moral and ethical standard of employees. Through training and information sharing, together with a stringent behavioural guidelines, we monitor and prohibit and harassment and bullying among employees at or outside our workplace.

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During the Reporting Period, the Group did not experience any material safety problems and no material safety accidents were occurred due to the fault of the Group. Besides, we regularly monitor information and data related to employment to prevent non-compliance with rules on child labour and forced labour. We are not aware of any material non-compliance with the relevant standards, rules and regulations in relation to the employment and labour practices this financial year.

Operating Practices

These aspects include management of sourcing, procurement, products quality assurance, sales, intellectual property rights and anti-corruption.

B5 Supply Chain Management

Supply chain management in the ESG Guide mainly refers to management of sourcing and procurement. In our case, there are 2 main types of suppliers: (i) sub-contractors who undertake sub-contracting construction and installation project works; and (ii) suppliers who supply raw materials, tools, equipment and consumables, etc., which the Group uses to complete the construction and installation projects.

We open raw materials purchase acquisitions to all suppliers on a fair and equitable manner following our purchase policies. All purchase transactions are open and transparent to all involved parties during the purchase acquisition process. They are subject to the scrutiny of internal hierarchy supervisions at different levels depending on its contract value and significance and to the overall scrutiny of external independent audit checks.

We maintain a list of suppliers who have track records in dealing with us or in the market. We prefer to cooperate with the suppliers that share common moral values and standards with us. Regular assessments on the suppliers including requests to provide basic certifications, licenses and product catalogues are conducted to ensure that the suppliers are not only committed to the cost and quality of the products supplied, but also have not violated any laws and practices.

The purchases of the construction projects in principle follow the established prevalent trade practice and industry norms by inviting a number of tenderers depending on the contract value, time and amount involved and any other technicality or time constraints. They are executed and documented in accordance with the in-house rules which predominantly impose concern on and attach importance to its fit for purpose, safety and reliability. We include green items or environmental friendly provisions which our Group are obliged to comply under our contract specifications. We also consider the price competitiveness, availability and reputation of the suppliers. Suppliers are chosen based on their continuous ability to guarantee satisfactory product quantity and quality, reasonable price and timely delivery.

On the selection of sub-contractors, a list of approved sub-contractors is maintained who have passed the Group's quality control tests and have a satisfactory record of quality and on-time delivery. The Group prefers to choose those sub-contractors who are willing to work together to promote sustainable development of the industry.

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The Group performs the evaluation of the raw material suppliers and the sub-contractors on an annual basis to make sure the suppliers and sub-contractors are up to the required standard and expectation. The assessment mainly includes but is not limited to the professional qualifications, services and products qualities, financial status, operation in good integrity, social responsibility, etc. Unsatisfactory suppliers and sub-contractors will be removed from the approved lists.

During the Reporting Period, the Group has approximately 60 key suppliers/sub-contractors (45 from HK, 10 from the PRC and 5 from other regions) which are similar to prior year. The Group will continue narrowing down the suppliers/sub-contractors to ensure they were favourable to the Group, both financially and environmentally, and the Group does not foresee its source of supplies to be a potential threat to its project operations.

The Group continues to monitor the policies implemented by the government. If the Group obtains information on environmentally friendly products or services from the government, the Group will adopt its recommendations to purchase goods and services with a relatively lower environmental impact throughout their life cycle where appropriate.

During the Reporting Period, we did not experience any significant problems with the products provided by our suppliers, any material limitations in the supply nor any shortage of any products. We believe that our supply chain management and procedures ensure the safety and quality of our supply chain.

B6 Product Responsibility

The Group places the quality of its services as the utmost important focus in its operation. The Group is in strict compliance with the Product Quality Law of the People's Republic of China (中華人民共和國產品質量法), Law of the People's Republic of China on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法), Patent Law of the People's Republic of China (中華人民共和國專利法), Sale of Goods Ordinance (Cap. 26 of the Laws of Hong Kong), Copyright Ordinance (Cap. 528), Prevention of Copyright Piracy Ordinance (Cap. 544), Personal Data (Privacy) Ordinance (Cap. 486) and other all relevant regulations, aiming to provide a high-quality standard of services to its customers.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to services that would have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance and the Trade Descriptions Ordinance of Hong Kong.

The Group strives to ensure information disseminated such as company brochures are complete, accurate, clear, and in compliance with relevant laws and regulations.

(i) Quality Assurance

The Group's end products are completed water circulation systems which are subject to stringent government control and independent consultant supervision and inspection in a progressive manner during the planning, design and construction stages. Most of the risks regarding defaulted end products are detected in a timely manner. Such risks are reasonably minimised by the established industry checking practices and our in-house supervision plans.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to providing high quality end products as we believe that the quality and consistency of our products are critical to our ability to retain our professionalism and to expand our market share. The Group has established policies which cover service quality and safety in order to ensure relevant measures comply with the laws and regulations. Great importance is attached to the safety standard of our products. The Group maintains close contact with our business peers in the market to keep abreast of the latest building construction technology and knowledge. Also, policies and procedures are adopted to ensure that all customer complaints or concerns are appropriately addressed and in a timely manner.

During the Reporting Period, the Group was not aware of any quality claims on our products and services which had an adverse impact to our business.

(ii) *Intellectual Property Rights*

Given the nature of our works, the issue about intellectual property rights is less significant to the Group. Yet, the Group still observes and respects all intellectual property rights such as the purchase of genuine computer software for usage in office and work sites. Also, the designers are frequently be reminded not to infringe on any intellectual property rights during development of their designs.

During the Reporting Period, the Group was not aware of any intellectual property right infringement case filed against us.

(iii) *Privacy*

The Group's construction and installation contracting business does generate private, confidential and sensitive information of the principals and their projects such as design, costs and commercial terms of contracts. We also possess confidential information on our business partners, sub-contractors and employees. These types of information are extremely sensitive and important, and by law, we have to cautiously keep and safeguard them. The Group is fully aware of our obligation, and has taken measures to ensure safe keeping of the information. We only use the information for our own business purposes, not for other unrelated purposes. Our employees' employment contracts specifically contain confidentiality provisions and employees are prohibited from accessing information without approval and/or leaking private and confidential information. All employees are warned to handle and use customer information with extreme caution, protect customer information, and comply with statutory requirements in privacy law. Legal actions will be taken against any violation.

Overall, we understand the vitality of protecting intellectual property and strictly comply with the Civil Code of the People's Republic of China (中華人民共和國民法典), Law of the People's Republic of China on Protection of Intellectual Property Rights (中華人民共和國知識產權法), Anti-Unfair Competition Law (反不正當競爭法) and other relevant laws and regulations.

During the Reporting Period, there were no cases initiated against us, nor any complaints received, regarding any breach of relevant privacy laws, regulations and policies in any jurisdiction in which we operate. We will continue to target for zero cases to be initiated or complaints received in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(iv) Customer Services and Satisfaction

The Group emphasises customers' feedbacks in respond to the quality of services. The Group has formulated a set of policies and procedures to handle customers' feedback, inquiries and complaints, which will be recorded in details and reviewed by the Group's management. The Group will also take appropriate follow-up actions if any feedback or complaint is received, in order to improve the quality of products and services. After a complaint is settled, the Group will evaluate correspondent customers' satisfaction to ensure its professionalism.

During the Reporting Period, the Group was not aware of any incident of customer complaint claiming material compensation, or any investigation by any government authorities in relation to such complaint, that could have a material adverse impact on our business.

(v) Safety, Fire and Hygiene

One major condition imposed by applicable laws and regulations in respect of our operations includes compliance of relevant safety, hygiene and fire requirements. The Group is responsible to ensure compliance of these requirements by conducting checks and inspections of its office regularly. For example, fire escape corridors shall be kept clear from obstruction. Fire extinguishers and other equipment shall be kept at the correct location and that they are accessible and remain free from obstruction. Fire and evacuation drills are conducted annually.

During the Reporting Period, the Group was not aware of any safety issues proposed by the Fire Services Department of Hong Kong.

(vi) Advertising and Labelling

The business operation of the Group did not involve any advertising and labelling related matters during the Reporting Period.

B7 Anti-corruption

The prevention of bribery, extortion, fraud, and money laundering under this anti-corruption section is a material aspect to all the stakeholders. The Group realises the importance of employees' integrity and has established the Code of Conduct ("CoC") for all the employees for the purpose of providing employees with the guidance for allowable acceptance of gifts or entertainment, conflict of interest, handling of confidential information, and whistle-blowing procedure. The Group adopts a zero tolerance approach to bribery, extortion, fraud and money laundering. In daily work, the directors, management and employees must comply with related national and local government laws and regulations on prevention of bribery, extortion, fraud and money laundering. Any person, who contravenes the regulations, will be subject to disciplinary sanction. With the implementation of clear policies and well-structured processes on purchases, sales, operation and finance, and the adoption of a high CoC especially in our senior management, there were no complaints of corruption against the Group or its staff during the Reporting Period, and we will continue to target and are confident to achieve a similar result in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group complied with the local laws and regulations relating to anti-corruption and bribery, irrespective of the area or country where the Group conducts its business, including Criminal Law of the People's Republic of China (中華人民共和國刑法), Company Law of the People's Republic of China (中華人民共和國公司法), Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法), Anti-Monopoly Law of the People's Republic of China (中華人民共和國反壟斷法), Anti-Unfair Competition Law of the People's Republic of China (中華人民共和國反不正當競爭法), Prevention of Bribery Ordinance (Cap. 201 of Hong Kong Law) (防止賄賂條例), Competition Ordinance (Cap. 619 of the Laws of Hong Kong) and other applicable laws and regulations.

Whistle-blowing Policy

All of the Group's employees are required to make a declaration to the management through the reporting channels once there is any actual or potential conflict of interest found. Employees cannot receive any gifts from any external business parties unless prior approval is obtained from the management.

The Group has established the Policy on Whistle Blowing internally. Staff can report to relevant department managers or senior management in the event that they identify any irregularities, and the Group will protect the identity of the informer. The Group shall conduct a detailed investigation on the reported event and take appropriate actions according to the result.

With the continuous expansion of our business, we will further improve our anti-corruption mechanism, carry on the education on fighting corruption and strengthen our cooperation with external stakeholders such as the suppliers, sub-contractors, partners and government agencies, aiming to continuously improve our internal control to stop any violation.

During the Reporting Period, we did not spot any violations related to corruption, bribery, extortion, fraud, and money laundering, which had a significant impact on the Group. The Group has not found any significant risks and issues.

B8 Community Investment

The Group understands that community participation is important for its long-term development. The Group supports its employees to take part in volunteer services such as regularly visiting the people who need help and arranging outdoor activities for disadvantaged groups. The Group believes in investing on youth education and provides internship program for undergraduate students through practical working experience to support talent and career development.

During the Reporting Period, the Group has devoted resources to maintain its business operations due to the pandemic, therefore, suspended all its philanthropic activities. The Group will focus more on social participation and community investment in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

This report is prepared in accordance with the ESG Guide. The following table provides an overview on the general disclosures and KPIs of various aspects under each subject area which has been cross-referenced below.

Subject Areas, Aspects,

General Disclosures

and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and noise emissions, waste water, and generation of hazardous and non-hazardous waste.	Emissions
A1.1	The types of emissions and respective emissions data.	Emissions – Air Pollutant and Noxious Odour Emissions and Noise Emissions
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Air Pollutant and Noxious Odour Emissions and Noise Emissions
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Hazardous and Non-Hazardous Wastes
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Hazardous and Non-Hazardous Wastes
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions – Mitigation Measures on Emission and Results
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Hazardous and Non-Hazardous Wastes

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects,

General Disclosures

and KPIs

Description

Section/Declaration

Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Electricity Consumption
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Consumption
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Electricity Consumption
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Paper, Packaging Materials and Other Raw Materials Consumption

Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

Aspect A4: Climate Change

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

Description

Section/Declaration

Aspect B1: Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Practices
B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Aspect B2: Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
B2.2	Lost days due to work injury.	Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

Description

Section/Declaration

Aspect B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

Aspect B4: Labour Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

Description

Section/Declaration

B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
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B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
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Aspect B6: Product Responsibility

General Disclosure	Information on: (a) the policies; and	Product Responsibility
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(b)	compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.
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B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
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B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Quality Assurance
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B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
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B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Assurance
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B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Privacy
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

Description

Section/Declaration

Aspect B7: Anti-corruption

General Disclosure

Information on:

Anti-corruption

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.

B7.1

Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.

Anti-corruption

B7.2

Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.

Whistleblowing Mechanism

B7.3

Description of anti-corruption training provided to directors and staff.

Anti-corruption

Aspect B8: Community Investment

General Disclosure

Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.

Community Investment

B8.1

Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).

Community Investment

B8.2

Resources contributed (e.g. money or time) to the focus area.

Community Investment

BIOGRAPHICAL DETAILS OF DIRECTORS

DIRECTORS

Executive Directors

Mr. Ng Wan Lok (吳蘊樂), aged 57, was appointed as an executive Director on 8 June 2016. He joined the Group as a marketing manager in March 2014 and is mainly responsible for managing and supervising the operations of projects of the Group.

He obtained a post-graduate certificate in Information Technology from the Hong Kong Management Association in September 1994 and further obtained a Bachelor's degree in Computer Science from Victoria University of Technology in November 1996.

Mr. Ng has more than 25 years of experience in project management. He had worked in various companies and was responsible for project development, managing manufacturing operation and handling product sales and development. Before joining the Group, Mr. Ng was a Manager of Wellgo Development Limited from August 2007 to February 2014 and he was mainly responsible for handling the trading business of consumer electronics.

Ms. Wong Wing Hung (王詠紅), aged 51, was appointed as an executive Director on 8 June 2016, was re-designated as the chief executive officer of the Company between 5 October 2022 and 1 December 2022 while she was also re-designated as the chairman of the Company between 5 October 2022 and 23 December 2022. Ms. Wong joined the Group as a project administrator in November 2006 and is responsible for project tendering and administration as well as project accounting of the Group. In addition, Ms. Wong was the compliance officer of the Company until 1 April 2024.

Ms. Wong obtained a Bachelor's degree in Business Administration from the Open University of Hong Kong in June 2003. She also completed "ISO 9000:2000 Internal Auditor Training Course" organized by Hong Kong Quality Assurance Agency in November 2001.

Ms. Wong has more than 20 years of experience in project tendering, accounting and administration. Before joining the Group, she was project secretary for companies engaged in design and installation of water filtration system. She was a Project Secretary of Dawn Enterprise Limited from February 1998 to August 2002, Assistant to Manager of P&A Engineering Limited from November 2002 to October 2004, Project Secretary of Harmony Project Limited from November 2004 to September 2005 and Project Secretary of Fortune Universe Limited from September 2005 to July 2006.

Non-executive Director

Ms. Shu Huajuan (舒華娟), aged 30, was appointed as a non-executive Director of the Company with effect from 4 December 2024.

Ms. Shu has over 6 years of IT development and project management work experience obtained from technology companies in Mainland China. Ms. Shu graduated from the Hubei Polytechnic University, School of Arts in 2017. Ms. Shu is the daughter of Mr. Shu Zhongwen, a former executive director and chief executive officer of the Company who resigned from such positions with effect from 8 October 2024.

BIOGRAPHICAL DETAILS OF DIRECTORS

Independent non-executive Directors

Mr. Yuen Wai Keung (袁偉強), aged 45, has approximately 20 years of audit, accounting and finance related work experience and obtained a Master of Corporate Governance degree from Hong Kong Metropolitan University. He is currently pursuing his master's degree in laws with specialization in international and commercial law from The University of Greenwich. He is a fellow member of the Institute of Financial Accountants, a member of The Institute of Certified Forensic Accountants and a member of The Hong Kong Chartered Governance Institute. Mr. Yuen is the independent non-executive director of Hybrid Kinetic Group Limited (Stock code: 1188) since May 2025 and China Automotive Interior Decoration Holdings Limited (Stock code: 48) since July 2024; and the company secretary of China Jicheng Holdings Limited (Stock code: 1027). Mr. Yuen was until March 2025 the company secretary of GREATER BAY AREA DYNAMIC GROWTH HOLDING LIMITED (Stock code: 1189), until July 2024 the company secretary of Boill Healthcare Holdings Limited (Stock code: 1246) and until July 2024 the company secretary of Jiyl Holdings Limited (Stock code: 1495).

Mr. Cheung Hiu Fung (張曉峯), aged 32, was appointed as an independent non-executive Director and member of the Audit Committee of the Company with effect from 23 December 2022. Mr. Cheung was appointed as a member of the Remuneration Committee and Nomination Committee of the Company with effect from 30 September 2024.

Mr. Cheung obtained his Master of Business Administration Degree from The University of Chichester, United Kingdom. Mr. Cheung started his career in writing financial analysis and holding financial seminar as a finance columnist on various social media and newspaper in Hong Kong since January 2015, and founded Bofung Company Limited in July 2017. His financial investment course had over thousand of students. He is also a writer and published his own financial analysis book “財技x盤路倍升股全攻略” in Hong Kong and Taiwan, with more than 2,000 copies sold.

Mr. Cheung was appointed as an independent non-executive director of Simplicity Holding Limited (Stock Code: 8367), a company listed on the GEM of the Stock Exchange since 31 March 2023. Mr. Cheung was appointed as an executive director of Goldway Education Group Limited (Stock Code: 8160), a company listed on the GEM of the Stock Exchange between April 2021 and September 2022 while he was also its chairman of the Board between January 2022 and September 2022.

Mr. Yiu Chi Wai (姚智威), aged 40, was appointed as an independent non-executive Director and a member of the Audit Committee; Remuneration Committee and Nomination Committee of the Company, with effect from 4 December 2024.

Mr. Yiu has approximately 20 years of finance related work experience from financial services companies and is a SFC Type 1 and 4 license representative. Mr. Yiu has worked as a relationship manager, sales representative and dealer at the financial services companies previously.

SENIOR MANAGEMENT

Senior management includes Mr. Ng Wan Lok and Ms. Wong Wing Hung, all are executive Directors of the Company. Please refer to the section headed “Biographical details of Directors” in this annual report for their biographies.

REPORT OF DIRECTORS

The directors of the Company (the “Directors”) hereby presented their report and audited consolidated financial statements for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the Company together with its subsidiaries (the “Group”) are principally engaged in design, procurement and installation services of the water circulation systems including but not limited to swimming pools, water fountains and water curtains. The services are mainly categorised as (i) management contracting services – design, procurement and installation of water circulation systems and related maintenance services; and (ii) consultancy services – provision of consultancy services on water circulation systems and engineering, procurement and construction management (“EPCM”) services of commercial and residential buildings and infrastructures in China. Details of the principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements.

For discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of business, discussion of the principal risks and uncertainties facing by the Group, its key relationship with employees, customers and suppliers and an indication of likely future developments in the Group’s business, can be found in “Letter to the Shareholders” and section “Management Discussion and Analysis” of this annual report and the discussion of its environmental policies and performance, can be found in section “Environmental, Social and Governance Report” of this annual report.

There were no significant changes in the nature of the Group’s principal business during the year ended 31 March 2025.

During the year ended 31 March 2025, as far as the Group is aware and save as disclosed elsewhere in this report, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact of the Group.

SEGMENT INFORMATION

An analysis of the Group’s performance for the year ended 31 March 2025 by operating segment is set out in note 3 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 profit or loss and other comprehensive income on page 78 of this annual report.

PAYMENT OF DIVIDENDS

No interim dividend (2024: Nil) was paid during the year ended 31 March 2025 and the Board did not recommend any payment of a final dividend for the Year (2024: Nil). As at the date of this annual report, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years, as extracted from the consolidated financial statements, is set out on page 164 of this annual report. This summary does not form part of the audited consolidated financial statements.

REPORT OF DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year ended 31 March 2025 in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year ended 31 March 2025 in the share capital of the Company are set out in note 24 to the consolidated financial statements.

RESERVES

As at 31 March 2025, the Company's reserve available for distribution to the shareholders, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands is nil (2024: nil). Movement in reserves of Company during the year ended 31 March 2025 are set out in the note 32 to the consolidated financial statements.

BANK AND OTHER BORROWINGS

Details of bank and other borrowings during the year ended 31 March 2025 are set out in note 23 to the consolidated financial statements.

SHARE OPTION SCHEME

The Share Option Scheme became effective on the date of the Company's listing (i.e. 26 May 2017) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 130,000,000 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme and as at the date of this annual report.

The total number of the Shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue on the date of Listing unless the Company obtains the approval of the shareholders for refreshing such 10% limit, in which case the total number of the Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company as "refreshed" shall not exceed 10% of the total number of the Shares in issue as at the date of the approval of the Company's shareholders on the refreshment of the limit. The number of the Shares in respect of which options may be granted to any individual in any 12-months period is not permitted to exceed 1% of the Shares in issue. Options granted to substantial shareholders or independent non-executive directors or any of their respective associates in excess of 0.1% of the Shares in issue and a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

An option may be accepted by a participant within 21 days from the date of grant with a nominal consideration of HK\$1 on each grant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

REPORT OF DIRECTORS

The exercise price is determined by the Directors and will not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. For the details of the Share Option Scheme, please refer to the paragraph headed "Share Option Scheme" in Appendix V to the Prospectus.

The purpose of the Share Option Scheme is to provide incentives or rewards to the eligible participants thereunder for their contribution or would be contributions to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible participants include any Directors, employees (whether full time or part time) or consultants to the Group.

On 27 April 2022, a total of 130,000,000 share options were granted to the Directors, employees and consultants under the Share Option Scheme. Please refer to the Company's announcement dated 27 April 2022 for further details. The maximum number of Shares to be issued upon the exercise of share options that may be granted under the Share Option Scheme is 130,000,000 Shares. Details of share options held by the eligible participants and movements in such holdings during the year ended 31 March 2025 are as follow:

				Exercise price of	Number of share options					
				per share as at	Balance					Balance
				the date of	as at	Granted	Exercised	Cancelled	Lapsed	as at
Category/Name of Grantee	Date of Grant of	Exercise period of	grant of	1 April	during	during	during	during	during	31 March
	share options	share options	share options	2024	the year	the year	the year	the year	the year	2025
(Note (a))										
(1) Employees – In Aggregate										
Employees	27/04/2022	27/04/2022 to 26/04/2032	HK\$0.0342	1,528,846	–	–	–	–	–	1,528,846
Sub-total				1,528,846	–	–	–	–	–	1,528,846
(2) Consultants (Note (b))										
Ho Kai Cheung Derek	27/04/2022	27/04/2022 to 26/04/2032	HK\$0.0342	2,751,923	–	–	–	–	–	2,751,923
Lee Thomson	27/04/2022	27/04/2022 to 26/04/2032	HK\$0.0342	1,325,000	–	–	–	–	–	1,325,000
Lee Kun Yin	27/04/2022	27/04/2022 to 26/04/2032	HK\$0.0342	509,615	–	–	–	–	–	509,615
Sub-total				4,586,538	–	–	–	–	–	4,586,538
Total				6,115,384	–	–	–	–	–	6,115,384

REPORT OF DIRECTORS

Notes:

- (a) Consideration of HK\$1 was paid by each of the grantees on their acceptance of the share options granted.
- (b) Consultants of the Group assist the Group in formulating business development plans and expanding its business development by referring customers, business partners, investment opportunities and business opportunities to the Group. Share options were granted to the consultants of the Group as incentives to them for helping the Group to expand its business network, acquire and explore new business projects and opportunities.

Save as disclosed above, no share options were granted or exercised or cancelled or lapsed during the year ended 31 March 2025. The total number of share options available for grant or issue under the Share Option Scheme as at 1 April 2024, 31 March 2025 and the date of this annual report were Nil.

As at the date of this annual report, the total number of share options granted and outstanding under the Share Option Scheme is 6,115,384, representing 1.45% of the issued share capital of the Company. The total number of shares that may be issued in respect of options granted under all schemes of the Company during the financial year ended 31 March 2025 divided by the weighted average number of shares of the relevant class in issue for the year was 1.69%.

Information on the accounting policy for share options granted and the weighted average value per option is provided in notes 25 to the consolidated financial statements.

The closing price of the shares immediately before the date on which the options were granted (i.e. 27 April 2022) was HK\$0.034 per share. The fair value of options at the respective dates of grant and the accounting standard and policy adopted for the fair value of the options is disclosed in note 25 of the consolidated financial statements.

The share options outstanding as at 31 March 2025 had an exercise price of HK\$0.342 (after adjustments) and a remaining contractual life of 7.08 years. No options were exercised this year while the weighted average share price at the time of exercise of options in 2023 was HK\$0.52.

EQUITY-LINKED AGREEMENT

Save for the Share Option Scheme, no equity-linked agreement was entered into by the Group or existed during the year ended 31 March 2025.

REPORT OF DIRECTORS

DISCLOSURE OF INTERESTS

(I) Directors' and Chief Executives' Interest and Short Position in Shares, Underlying Shares or Debentures

As at 31 March 2025, none of the Directors nor chief executive of the Company has any interest and short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) 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 or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

(II) Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares, Underlying Shares or Debentures

So far as the Directors are aware, as at 31 March 2025, the following persons/entities had or deemed to taken to have an interest or short position in the Shares or underlying Shares or debentures of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

Name of Shareholder	Capacity/ Nature of Interest	Number of the Shares held/ interested in	Long/short position	Percentage of Shareholding (Note 2)
Harmony Asia International Limited	Beneficial owner (Note 1)	61,795,500	Long position	14.65%
Mr. Nam Ho Kwan	Interest in controlled corporation (Note 1)	61,795,500	Long position	14.65%
Prudential Brokerage Limited	Person having security interest in shares (Note 1)	61,795,500	Long position	14.65%
Ms. Leung Yan Fan Youki	Beneficial owner	30,690,000	Long position	7.27%

Notes:

As at 31 March 2025:

- Harmony Asia International Limited is a company incorporated in Samoa which is wholly-owned by Mr. Nam Ho Kwan, a former executive Director, the chairman of the Board, and chief executive officer of the Company who resigned from such positions with effect from 5 October 2022. Therefore, Mr. Nam is deemed to be interested in all Shares held by Harmony Asia International Limited by virtue of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).
- The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 31 March 2025, that is 421,930,000 ordinary shares of the Company.

Save as disclosed above, as at 31 March 2025, no person/entities, had notified the Company of an interest or short position in the Shares, underlying Shares or debenture of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

REPORT OF DIRECTORS

RELATIONSHIP WITH MAJOR CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

We strive to provide high quality and reliable services to its customers. The privacy of the Group's customers are well protected. Policies and procedures are adopted to ensure that all customer complaints or concerns are appropriately addressed. During the year ended 31 March 2025, so far as the Company is aware, the aggregate revenue attributable to our five largest customers and the largest customer accounted for approximately 96.98% (2024: 61.02%) and 50.37% (2024: 49.07%) respectively, of the Group's total revenue for the year ended 31 March 2025.

The Group is committed to forging collaborative partnership with its suppliers and have a list of approved suppliers who are assessed on a regular basis. Purchases from the Group's five largest suppliers accounted for approximately 51% (2024: 51%) of the Group's total costs of services for the year ended 31 March 2025 and the purchase from the largest supplier included therein amounted to approximately 14% (2024: 14%).

We also maintain a list of sub-contractors who have passed the Group's quality control tests and have a satisfactory record of quality and on time-delivery. Sub-contracting fees paid to the Group's five largest sub-contractors accounted for approximately 100% (2024: 95%) of the Group's total costs of services for the year ended 31 March 2025 and the sub-contracting fee paid to the largest sub-contractors included therein amounted to approximately 68% (2024: 46%).

So far as the Directors are aware, none of the Directors, or any of his close associates (as defined under the GEM Listing Rules) or the Company's shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital), had any beneficial interest in the Group's five largest customers, suppliers or sub-contractors during the year ended 31 March 2025.

RELATIONSHIP WITH EMPLOYEES

The Group value its employees as human capital and commits to investing resources to refresh their standards, skills and knowledge so that they can maximise their contribution to the Group's growth and success. The Company has adopted policies to make sure the employees can acquire competitive remunerations, good welfare and continuous professional training. Further details can be found in section "Environmental, Social and Governance Report" of this annual report.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Company's shareholders by reason of their holding of the Company's securities.

REPORT OF DIRECTORS

DIRECTORS

During the reporting period and up to the date of this annual report, the Directors are as follows:

Executive Directors

Mr. Ng Wan Lok

Ms. Wong Wing Hung

Mr. Wang Xinliang (ceased on 30 September 2024)

Mr. Chung Yu Ching (appointed on 22 May 2024 and resigned on 8 October 2024)

Mr. Shu Zhongwen (resigned as chief executive officer on 8 October 2024)

Non-executive Director

Ms. Shu Huajuan (appointed on 4 December 2024)

Independent non-executive Directors

Mr. Cheung Hiu Fung

Mr. Yuen Wai Keung

Mr. Yiu Chi Wai (appointed on 4 December 2024)

Mr. Ma Meng (ceased on 30 September 2024)

Mr. Li Ruyi (resigned on 4 December 2024)

Information regarding directors' emoluments is set out in note 8 to the consolidated financial statements. Annual confirmations of independence pursuant to the requirements under Rule 5.09 the GEM Listing Rules have been received from the independent non-executive Directors.

BIOGRAPHICAL DETAILS OF DIRECTORS AND CHANGES IN INFORMATION OF DIRECTORS

Updated biographical details of the Directors, please refer to the sections headed "Biographical details of Directors" and "Changes in directors information" in this annual report for their biographies.

DIRECTORS' SERVICES CONTRACTS

Service contracts of the 2 executive Directors, namely Mr. Ng Wan Lok and Ms. Wong Wing Hung with the Company have been renewed for another term of 3 years between 26 May 2023 and 25 May 2026 on the same terms and conditions.

Each of the independent non-executive Directors has entered into an service contract with the Company for a fixed term of three years.

The service contracts and appointment letters may be terminated in accordance with the terms of the individual service agreement, and is subject to termination provisions therein and retirement and re-election at the AGM in accordance with the articles of association of the Company (the "Articles") or any other applicable laws from time to time whereby he or she shall vacate his office.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has or is proposed to have a service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation, other than the statutory compensation.

REPORT OF DIRECTORS

DIRECTORS' RETIREMENT AND RE-ELECTION

Pursuant to Article 84 of the Articles, at each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) of the Articles shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Pursuant to Article 83(3) of the Articles, the Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his/her appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 84 of the Articles, Ms. Shu Huajuan, Mr. Cheung Hiu Fung, Mr. Yuen Wai Keung and Mr. Yiu Chi Wai shall retire by rotation at the forthcoming annual general meeting of the Company. They are, being eligible, offer themselves for re-election at the said annual general meeting.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS, CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed and elsewhere in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2025.

CONTROLLING SHAREHOLDERS' INTERESTS

Save as disclosed in this annual report, there was no contract of significance between the Company or any of its subsidiaries and controlling shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

EMOLUMENTS OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The remuneration of Directors is recommended by the Remuneration Committee of the Company and approved by the Board, based on the job responsibilities, the prevailing market conditions of the industry and the Company's remuneration policy, operating performance and profitability.

REPORT OF DIRECTORS

EMOLUMENT POLICY

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for making recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group. The remunerations of the Directors are determined by reference to the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

The Company adopted a share option scheme and the details are set out under section "Share Option Scheme" of this report.

COMPETING INTERESTS

The Directors are not aware of any business or interest of Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any conflicts of interests which any such person has or may have with the Group during the year ended 31 March 2025.

NON-COMPETITION UNDERTAKING

The Company confirms that the non-competition undertaking of Harmony Asia International Limited has been fully complied and enforced for the year ended 31 March 2025. The Board also confirms that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the shareholders of the Company and the potential investors.

SOCIAL RESPONSIBILITIES AND SERVICES AND ENVIRONMENTAL POLICIES

The Group is committed to building an environmentally-friendly corporate environment that pays close attention to conserving natural resources. The Group strives to minimise its impact on the environment by reducing its electricity consumption and encouraging recycle of office supplies and other materials. For further details, please refer to the "Environmental, Social and Governance Report" section of this annual report.

The Group complies with the relevant laws and regulations in environmental protection. The Group continually seeks to identify and manages environmental impacts attributable to its operational activities in order to minimise these impact if possible. The Group aims to maximise energy conservation in its office by promoting efficient use of resources and adopting green technologies.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE FOR DEBT CAPITALISATION

On 19 August 2024, the Company and Ms. Leung Yan Fan Youki (the "Creditor A") completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditor A has agreed to subscribe 22,560,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$3,045,600. Please refer to the announcements of the Company dated 13 August 2024 and 19 August 2024 for further information.

On 26 August 2024, the Company, Ms. Leung Yan Fan Youki and Ms. Hui Lai Ngar (collectively, the "Creditors Group A") completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditors Group A have agreed to subscribe a total 19,540,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$2,637,900. Please refer to the announcements of the Company dated 22 August 2024 and 26 August 2024 for further information.

REPORT OF DIRECTORS

On 12 November 2024, the Company, Ms. Leung Yan Fan Youki, Ms. Hui Lai Ngar and Ms. Ng On Yi (collectively, the “Creditors Group B”) completed the issuance of new shares under general mandate for debt capitalisation. The Company has agreed to allot and issue, and the Creditors Group B have agreed to subscribe a total 70,320,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$2,250,240. Please refer to the announcements of the Company dated 5 November 2024, 6 November 2024 and 12 November 2024 for further information.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group’s financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly and indirectly pertaining to the Group’s business. Other than the adverse business impacts on the local and global economy and the operation and financial performance of the Group as mentioned under the paragraph headed “Management Discussion and Analysis – Business Review and Outlook” above, the management considers that following are the key risks and uncertainties identified by the Group:

- (a) The Group’s business is project-based. The Group mainly derive revenue from projects which are non-recurring in nature. Fee collection and profit margin significantly depend on various factors of each project such as the terms of contracts, duration of project, variation orders, efficiency of implementation of contract work and the general market condition. In general, variation orders usually carry higher profit margin as compared with the works under original contracts. Therefore, revenue generated from the Group’s business is irregular and is subject to the availability of projects, variation orders and other factors beyond the Group’s control;
- (b) The number and size of the projects the Group can undertake depends on the Group’s human and other resources. Due to the size of the Group, a mega-sized project will occupy a substantial part of the Group’s resources and inevitably resulted in the Group not being able to deploy resources to other projects and as a result the Group have to rely on a single project or otherwise a small number of projects during the project period. Any decrease in the number of sizable projects in terms of revenue recognised may affect the Group’s operations and financial results;
- (c) For the Group’s management contracting business, the Group normally receive progress payments from the customers with reference to the percentage of completion of the contract works done by the Group during the relevant month in accordance with the rates and prices based on the agreed tender price. Any failure by the customers to make any payment on time or in full may have a material adverse effect on the Group’s liquidity position. Any failure by the customers to eventually pay the amount to the Group’s may have a material adverse effect on the Group’s financial position and operating results; and
- (d) Most of the Group’s contracts are awarded to the Group through tendering process. The Group have to determine the tender price and service fee of each project based on the information available to the Group at the time of submitting the tender. The tender price is determined by factors including the scope of works, the estimated duration of the project period, the total time cost and estimated cost involved. The Group determine the price of all the projects at fixed costs based on an agreed scope of works and the estimation of time cost and estimated cost involved. Error or inaccurate estimation of project duration and costs when determining the tender price or increase in construction costs may adversely affect the Group’s profitability or result in substantial loss.

There may be other risks and uncertainties in addition to those mentioned above which are not known to the Group or which may not be material now but could turn out to be material in the future.

REPORT OF DIRECTORS

PERMITTED INDEMNITY PROVISIONS

The Company has arranged appropriate insurance cover in respect of its legal action against its Directors effective from the date of Listing. Every Director shall be entitled under the Articles to be indemnified out of the assets of the Company against all actions, costs, charges, losses or liabilities incurred or sustained by him or her as a Director in the execution or discharge of his or her duty.

The Company has maintained liability insurance to provide appropriate cover for the directors and officers of the Group.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2025 are set out in note 27 to the consolidated financial statements in this annual report. None of these related party transactions constituted a connected transaction under Chapter 20 of the GEM Listing Rules which were subject to the reporting, announcement or independent shareholders' approval requirements for the year ended 31 March 2025.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on the information that is publicly available to the Company, at least 25% of the Company's issued capital were held by public throughout the year ended 31 March 2025 and as at the date of this annual report.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

AUDITOR

On 8 May 2024, Infinity CPA Limited ("Infinity") was appointed as the Company's auditor to fill the casual vacancy arising from the resignation of CCTH CPA Limited. The consolidated financial statements of the Group for the year ended 31 March 2024 were audited by Infinity.

The consolidated financial statements for the year ended 31 March 2025 have been audited by Infinity. Infinity shall retire in the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Infinity as auditor of the Company and authorise the Directors to fix their remuneration will be proposed at the said general meeting.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. The Company has complied with all the applicable code provisions as set out in the CG Code contained in Appendix C1 to the GEM Listing Rules during the Year, except for the deviation as disclosed under the section headed "Compliance with the Corporate Governance Code" on page 12 of this annual report. Details of the Group's corporate governance practices adopted by the Board are set out in the Corporate Governance Report on pages 12 to 26 of this annual report.

REPORT OF DIRECTORS

COMPLIANCE WITH LAWS AND REGULATIONS

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands (place of incorporation of the Company) which oblige the Company to offer new Shares on a pro rata basis to existing shareholders of the Company.

DEBENTURES

On 20 January 2023, the Company announced its proposal to issue the Bonds to investors which/who are Independent Third Parties. The Company also announced that the Company, as issuer, and the Placing Agent, as placing agent, entered into the Placing Agreement pursuant to which the Company has conditionally agreed to appoint the Placing Agent and the Placing Agent has conditionally agreed to act as the placing agent, on a best effort basis, to procure Placee(s) to subscribe for the Bonds in an aggregate principal amount of up to HK\$50,000,000 subject to the terms and conditions of the Placing Agreement within the Placing Period.

As at the date of this annual report, the Company is yet to issue any Bonds. For further details, please refer to the announcement dated 20 January 2023.

MANAGEMENT CONTRACTS

No contracts concerning management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 March 2025.

CHARITABLE DONATIONS

During the year ended 31 March 2025, the Group has not made any charitable and other donations (2024: Nil).

EVENTS AFTER THE REPORTING PERIOD

(A) Issue of New Shares under Specific Mandate for Debt Capitalisation

On 18 February 2025, the Company and Ms. Leung Yan Fan Youki, Ms. Hui Lai Ngar and Mr. Lam Chi Yin Henry (collectively, the "Creditors Group C") entered into the Agreements, pursuant to which, subject to fulfilment of the conditions thereof, the Company has agreed to allot and issue, and the Creditors Group C have conditionally agreed to subscribe for a total of 33,000,000 Capitalisation Shares at the price of HK\$0.12 per Share in settlement of the Partial Indebted Sum of approximately HK\$3,960,000. Please refer to the announcements of the Company dated 18 February 2025 and 24 March 2025 and the circular dated 21 March 2025 for further information.

Issue of new shares under specific mandate for debt capitalisation was approved by the Shareholders of the Company at the extraordinary general meeting on 7 April 2025 and became effective on 16 April 2025. A total of 33,000,000 Capitalisation Shares were successfully allotted and issued to the Creditors Group C at the Subscription Price of HK\$0.12 per Capitalisation Share. Please refer to the announcements of the Company dated 7 April 2025 and 16 April 2025 respectively for further information.

REPORT OF DIRECTORS

(B) Capital Reorganisation

On 24 February 2025, the Board proposed to implement the Capital Reorganisation which will involve:

- (i) Share Consolidation – The Share Consolidation will involve a consolidation of every ten (10) issued and unissued Existing Shares of par value of HK\$0.1 each into one (1) Consolidated Share of par value of HK\$1 each.
- (ii) Capital Reduction – Immediately upon the Share Consolidation becoming effective, the Capital Reduction will involve a reduction of the par value of each issued Consolidated Share from HK\$1 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the then issued Consolidated Shares. In addition, any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation will be cancelled.
- (iii) Share Sub-division – Immediately following the Share Consolidation and the Capital Reduction becoming effective, each of the authorised but unissued Consolidated Share (including those authorised unissued Consolidated Shares arising from the Capital Reduction) will be sub-divided into one hundred (100) New Shares of par value of HK\$0.01 each.

Please refer to the announcements of the Company dated 24 February 2025, 10 March 2025 and the circular dated 11 April 2025 for further information.

Capital Reorganisation was approved by the Shareholders of the Company at the extraordinary general meeting on 25 April 2025 and became effective on 29 April 2025. Please refer to the announcement of the Company dated 25 April 2025 for further information.

(C) Factoring Agreement

On 27 June 2025, the Company entered into the Factoring Agreement with KNT GT Limited, pursuant to which the Company agreed to sell and KNT GT Limited agreed to acquire the Account Receivables on a non recourse basis, with a factoring principal amount up to HK\$18,000,000.

Please refer to the announcement of the Company dated 27 June 2025 for further information.

Save for the information disclosed above and in note 36 to the consolidated financial statements in this annual report, the Board is not aware of any significant event undertaken by the Group after 31 March 2025 and up to the date of this report which would materially affect the Group's operating and financial performance.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to attend and vote at the forthcoming annual general meeting of the Company to be held on Monday, 29 September 2025, the register of members of the Company will be closed from Wednesday, 24 September 2025 to Monday, 29 September 2025, both days inclusive, during which period no transfer of Shares will be registered. Shareholders of the Company are reminded to ensure all properly executed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 pm on Tuesday, 23 September 2025.

REPORT OF DIRECTORS

OUTLOOK

The Company will continue to develop and grow while aiming to improve its financial position, business operation and industry reputation in order to create long-term value for shareholders.

On behalf of the Board

Hao Bai International (Cayman) Limited

Ng Wan Lok

Executive Director

Hong Kong, 7 July 2025

INDEPENDENT AUDITOR'S REPORT



Infinity CPA Limited

Room 1501, 15/F., Olympia Plaza
255 King's Road, North Point, Hong Kong

TO THE SHAREHOLDERS OF HAO BAI INTERNATIONAL (CAYMAN) LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Hao Bai International (Cayman) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 78 to 163, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group 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 ("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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the section headed "Going Concern" of note 2 to the consolidated financial statements, that the Group incurred a net losses amounted to approximately HK\$19,337,000 for the year ended 31 March 2025. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In light of all the measures and arrangements detailed in note 2 to the consolidated financial statements, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matters identified in our audit are summarised as follows:

- Recognition of revenue from construction contracts
- Impairment assessment of trade receivables and contract assets

Key Audit Matter

How our Audit Addressed the Key Audit Matter

Recognition of revenue from construction contracts

We identified recognition of revenue from construction contracts as a key audit matter as significant management's estimations and judgements are involved in the determination of the outcome of construction contracts and the progress towards completion of construction works.

The Group recognised revenue from construction contracts amounted to approximately HK\$23.82 million for the year ended 31 March 2025.

The accounting policies and disclosures in relation to the revenue recognition from construction contracts are included in note 2 to the consolidated financial statements.

Our audit procedures in relation to recognition of revenue construction contracts mainly included:

- Understanding and evaluating the Group's process and control over contract revenue recognition;
- Understanding from management about how the budgets were prepared and the respective progress towards completion of construction works were determined;
- Evaluating the reasonableness of progress towards completion of construction works by obtaining the certificates issued by customers or payment applications confirmed by internal/external surveyor;
- Discussing with the management to understand the status of completion of the construction during the year, on a sample basis;
- Assessing the reasonableness of the actual gross margin during the year by comparing with the budgeted gross margin of the construction contracts, on a sample basis;
- Testing the actual costs incurred on construction works during the reporting period; and
- Assessing the appropriateness and sufficiency of the disclosures made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key Audit Matter

How our Audit Addressed the Key Audit Matter

Impairment assessment of trade receivables and contract assets

We identified impairment assessment of trade receivables and contract assets as a key audit matter due to the involvement of subjective judgement and estimates of the management of the Group in determining the expected credit losses ("ECL") of the Group's trade receivables and contract assets at the end of the reporting period.

As at 31 March 2025, the net carrying amounts of trade receivables and contract assets of approximately HK\$18.58 million and HK\$38.92 million, respectively, which were significant assets of the Group as of the year end, representing 70.9% of total assets.

Management uses the simplified approach to calculate impairment losses on trade receivables and contract assets.

Management has engaged an independent valuation expert to determine the calculation of impairment losses.

The accounting policies and disclosures in relation to the impairment assessment of trade receivables and contract assets are included in notes 2, 19, 20 and 28 to the consolidated financial statements.

Our audit procedures in relation to impairment assessment of trade receivables and contract assets mainly included:

- Understanding and evaluating the Group's process and control over the impairment assessment of trade receivables and contract assets;
- For trade receivables and contract assets assessed on provision matrix basis, testing the integrity of information used by management to develop the provision matrix, including trade receivables aging analysis, on a sample basis, by comparing individual items in the analysis with the relevant supporting documents;
- For trade receivables and contract assets assessed on an individual basis, evaluating the appropriateness of the judgements used by management by examining of the historical payment supporting evidence, on a sample basis, and checking the financial position and creditworthiness of the debtors;
- Discussing with management on the estimation involved in determining the amount of ECL allowance regarding the trade receivables and contract assets;
- Testing the mathematical accuracy of the ECL calculation and checking the information included in the calculation;
- Reviewing the ECL calculation that was prepared by management, and involved our internal valuation expert to assist us in evaluating the Group's estimation methodology of ECLs and check the parameters to external available data sources; and
- Assessing the adequacy of the Group's disclosures about the expected credit loss allowance regarding trade receivables and contract assets in the consolidated financial statements.

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 other than the consolidated financial statements and our auditor's report thereon.

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are assisted by the audit committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, 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.

INDEPENDENT AUDITOR'S REPORT

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business unit within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Infinity CPA Limited

Certified Public Accountants

Au Yeung Ming Yin Gordon

Practising certificate number P08219

Hong Kong, 7 July 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
Revenue	4	24,505	21,884
Cost of services		<u>(15,823)</u>	<u>(16,438)</u>
Gross profit		8,682	5,446
Other income and (losses)/gains, net	5	(3,797)	511
Impairment loss on contract assets		(15,601)	(3,122)
Impairment loss on trade receivables		(1,657)	(558)
Administrative expenses		(6,014)	(11,919)
Finance costs	6	<u>(541)</u>	<u>(384)</u>
Loss before tax	7	(18,928)	(10,026)
Income tax expense	10	<u>(334)</u>	<u>(500)</u>
Loss for the year		<u>(19,262)</u>	<u>(10,526)</u>
Other comprehensive expenses for the year			
Items that may be reclassified to profit or loss:			
– Exchange differences on translation of foreign operations*		–	–
Items that will not be reclassified to profit or loss:			
– Equity investments at fair value through other comprehensive income (“FVTOCI”) – net movement in fair value reserves		<u>(75)</u>	<u>–</u>
Other comprehensive expenses for the year		<u>(75)</u>	<u>–</u>
Total comprehensive expenses for the year		<u>(19,337)</u>	<u>(10,526)</u>
Loss for the year attributed to:			
– Owners of the Company		(19,319)	(10,726)
– Non-controlling interests		<u>57</u>	<u>200</u>
		<u>(19,262)</u>	<u>(10,526)</u>
Total comprehensive expenses for the year attributable to:			
– Owners of the Company		(19,394)	(10,726)
– Non-controlling interests		<u>57</u>	<u>200</u>
		<u>(19,337)</u>	<u>(10,526)</u>
			(Restated)
Loss per share			
Basic and diluted (HK cents)	11	<u>(53.4)</u>	<u>(37.2)</u>

* The exchange differences resulting from the translation of foreign operations are rounded to zero.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	13	3	3
Right-of-use assets	14	–	2,414
Goodwill	15	–	2,739
Equity investment at FVTOCI	17	2,625	2,700
Intangible assets	18	2,701	–
		5,329	7,856
Current assets			
Contract assets	19	38,923	63,550
Trade and other receivables, deposits and prepayments	20	35,014	29,981
Contingent consideration receivable	16	–	5,611
Bank balances and cash	21	1,819	170
		75,756	99,312
Total assets		81,085	107,168
Current liabilities			
Contract liabilities	19	3,183	15,053
Trade and other payables and accruals	22	65,620	71,292
Bank and other borrowings	23	5,654	6,186
Lease liabilities	14	–	1,713
Tax payables		641	822
		75,098	95,066
Non-current liabilities			
Lease liabilities	14	–	712
		–	712
Total liabilities		75,098	95,778
Net current assets		658	4,246
Total assets less current liabilities		5,987	12,102
NET ASSETS		5,987	11,390

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
Capital and reserves			
Share capital	24	42,193	30,951
Reserves		(36,561)	(19,859)
Equity attributable to owners of the Company		5,632	11,092
Non-controlling interests		355	298
TOTAL EQUITY		5,987	11,390

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 7 July 2025 and signed on its behalf by:

Mr. Ng Wan Lok
Director

Ms. Wong Wing Hung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2025

	Equity attributable to owners of the Company									Total HK\$'000
	Share capital	Share premium	Share option reserve	Other reserve	Capital reserve	Fair value reserve (non- recycling)	Accumulated losses	Subtotal	Non- controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Note 23)	(Note 35(b))	(Note 35(b))	(Note 35(b))	(Note 35(b))					
At 1 April 2023	19,534	89,473	2,016	(16,790)	-	-	(93,445)	788	98	886
Issue of shares under rights issue	9,767	9,767	-	-	-	-	-	19,534	-	19,534
Issue of shares for acquisition of an equity investment	1,650	1,050	-	-	-	-	-	2,700	-	2,700
Share issue expenses	-	(1,204)	-	-	-	-	-	(1,204)	-	(1,204)
Loss for the year and total comprehensive expense for the year	-	-	-	-	-	-	(10,726)	(10,726)	200	(10,526)
At 31 March 2024 and 1 April 2024	30,951	99,086	2,016	(16,790)	-	-	(104,171)	11,092	298	11,390
Issue of shares under specific mandate for debt capitalisation	11,242	(3,308)	-	-	-	-	-	7,934	-	7,934
Waive of amount due to a shareholder (Note 26(d))	-	-	-	-	6,000	-	-	6,000	-	6,000
Loss and total comprehensive expense for the year	-	-	-	-	-	(75)	(19,319)	(19,394)	57	(19,337)
At 31 March 2025	42,193	95,778	2,016	(16,790)	6,000	(75)	(123,565)	5,632	355	5,987

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES			
Cash generated from/(used in) operations	26(a)	10,618	(6,436)
Income tax (paid)/refund		(515)	122
Net cash generated from/(used in) operating activities		10,103	(6,314)
INVESTING ACTIVITIES			
Deposits paid to potential vendors		(4,214)	(9,873)
Interest received		–	5
Release of pledged and restricted bank deposits		–	228
Net cash used in investing activities		(4,214)	(9,640)
FINANCING ACTIVITIES			
Proceeds from issue of shares, net of expenses	24	–	18,330
New other borrowings raised		1,000	1,000
Repayment of bank and other borrowings		(1,532)	(1,476)
Repayment of lease liabilities		(1,026)	(1,341)
(Repayment of)/advance from a shareholder		(2,165)	611
Interest paid		(517)	(316)
Net cash (used in)/from financing activities		(4,240)	16,808
Net increase in cash and cash equivalents		1,649	854
Cash and cash equivalents at the beginning of the year		170	(684)
Effect of foreign exchange rate changes, net*		–	–
Cash and cash equivalents at the end of the year		1,819	170
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash		1,819	170

* round to zero.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

1. CORPORATE INFORMATION

Hao Bai International (Cayman) Limited (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The directors of the Company consider the Company’s immediate and ultimate holding company to be Harmony Asia International Limited, a company incorporated in Samoa. The Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is located at Room 210, 2nd Floor, Yick Tai Industrial Building, 650–652 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong.

The principal activity of the Company is investment holding and the Company together with its subsidiaries (the “Group”) are principally engaged in design, procurement and installation services of the water circulation systems and related maintenance services including but not limited to swimming pools, water fountains and water curtains. The services are mainly categorised as (i) management contracting services – design, procurement and installation of Water Circulation Systems and related maintenance services; and (ii) consultancy services – provision of consultancy services on Water Circulation Systems and engineering, procurement and construction management (“EPCM”) services of commercial and residential buildings and infrastructures in China.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”), and HK (IFRIC) Interpretations, HK Interpretations and HK (SIC) Interpretations (collectively referred to as “Interpretations”), issued by the HKICPA and accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements under the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) for the convenience of the investors as the shares of the Company are listed on the GEM of the Stock Exchange. All values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Below provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Statement of compliance (continued)

(a) *New and amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

(b) *New and amendments to HKFRSs in issue but not yet effective*

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

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

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

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Statement of compliance (continued)

(b) *New and amendments to HKFRSs in issue but not yet effective (continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

Going concern

In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given careful consideration to the future liquidity of the Group in light of the fact that the Group recorded a consolidated loss after tax of approximately HK\$19,262,000 for the year ended 31 March 2025 while it has been noted that the Group's current cash balances are insufficient to settle all the current liabilities. These conditions indicate that a material uncertainty still exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements. In order to ensure the Group's ability to operate as a going concern, the directors of the Company have implemented measures to deal with the conditions referred to above, as follows:

- (a) the Group will continue to negotiate with banks for renewing banking facilities. Based on the latest communications with the banks, the directors of the Company are not aware of any intention of the banks to withdraw their bank facilities or require early repayment of the loans, and the directors believe that the existing bank facilities will be renewed when their current terms expire given the good track records and relationships the Group has with the banks;
- (b) the management will consider other financing arrangements and fund-raising alternatives with a view to increasing the Group's capitalisation/equity and to support the continuing growth of the Company;
- (c) the substantial shareholder has committed to provide continuous financial support to the Group as is necessary to enable the Group to meet its day-to-day operations and its financial obligations as they fall due;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Going concern (continued)

- (d) the Group's substantial shareholder has agreed not to demand for any repayment due to her of approximately HK\$13,608,000 at 31 March 2025 until the Group is in a financial position to do so;
- (e) the Group will continue to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in future; and
- (f) the directors of the Company will continue to implement stronger measures aiming at improving the working capital and cash flows of the Group, including closely monitoring incurrence of other operating expenses.

Having considered the above and after reviewing the cash flow forecast of the Group, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 March 2025 on a going concern basis.

Regarding to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, the Directors are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. The Directors believe that the aforementioned measures will be successful, based on the continuous efforts by the management of the Group.

However, the appropriateness of the going concern basis of accounting is dependent on the assumption that (i) the management of the Group will be able to achieve its plans and measures as described above; (ii) the Group is able to obtain continuous external financial support; (iii) the Group will be able to improve its business operations; and (iv) the Group is able to generate sufficient cash flow and implement exercises to control costs. Should the going concern basis of accounting become inappropriate, adjustments might have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position at 31 March 2025, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of preparation of consolidated financial statements

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for the unlisted equity investment which is measured at fair value as explained in the accounting policy as set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, 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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

For financial assets which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of preparation of consolidated financial statements (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2025. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of preparation of consolidated financial statements (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in consolidated other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses.

The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combination and goodwill (continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Impairment loss allocated to goodwill would not be reversed subsequently.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position as set out in note 32 to the consolidated financial statements, an investment in a subsidiary is stated at cost less impairment loss, if any. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of the subsidiary are accounted for by the Company on the basis of dividends received and receivable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold improvements	Over the shorter of the term of the lease or 5 years
Furniture and fixtures	5 years
Office equipment	5 years
Motor vehicles	5 years

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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 market place.

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 ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the net amount of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured 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. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other (loss)/income, net” line item.

Equity investments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at FVTOCI.

Equity investments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and retention receivables, deposits and other receivables, contract assets, cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The Group always recognises lifetime ECL for trade and retention receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m 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 increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument 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:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- 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;
- 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.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(ii) **Definition of default**

For internal credit risk management, the Group considers an event of default occurs when 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, 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.

(iii) **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:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) 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;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) **Write-off policy**

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, 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. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) **Measurement and recognition of ECL**

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) **Measurement and recognition of ECL** (continued)

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

Lifetime ECL for certain trade and retention receivables and contract assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings. Assessment are done 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 conditions at the reporting date as well as the forecast of future conditions.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on net amount of the financial asset.

Derecognition of financial assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including trade and retention payables, other payables and accruals, lease liabilities and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash equivalents

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

Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities if they are redeemable at a specific date or at the shareholders' option; or if dividend payments are not discretionary. Preference shares that are not redeemable, or are redeemable only at the Group's option; and any dividend payments are discretionary, are classified as equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is management contracting services.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the goods or service either on its own or together with other resources that are readily available to the customer (i.e. the goods or service is capable of being distinct); and
- (b) the Group's promise to transfer the goods or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the goods or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring promised goods or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of goods or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) 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.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue from management contracting services is recognised over time based on the percentage of completion of the contracts, which is determined by the direct proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Revenue from contracts with customers within HKFRS 15 (continued)

Timing of revenue recognition (continued)

Consultancy services income is recognised on the basis of direct measurements of the value to the customer of services transferred to date to the remaining services promised under contract.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the input method (i.e. based on the proportion of the actual inputs deployed to date as compared to the estimated total inputs) to measure the progress towards complete satisfaction of the performance obligation because there is a direct relationship between the Group's inputs and the transfer of control of goods or services to the customers and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

The principal input applied in the input method is cost incurred including consumables, sub-contracting fees, staff and labour costs and others.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers goods or services to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

In accordance with the standard payment schedules of the Group, payments are normally not due or received from the customer until the services are completed or when the goods are delivered. However, for such transactions, revenue is recognised over time and therefore, a contract asset is recognised until it becomes a receivable or payments are received. During that period, any significant financing components, if applicable, will be included in the contract asset and recognised as interest income.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is HK\$.

The functional currency of the subsidiaries established in the People's Republic of China (the "PRC") is Renminbi ("RMB") and the functional currency of the Company and Hong Kong operating subsidiaries is Hong Kong dollars (HK\$).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies (continued)

- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;
- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;
- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and
- on all other partial disposals, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Borrowing costs

Borrowing costs incurred are recognised in the profit or loss.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Contingent liabilities (continued)

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Impairment on plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether there is any indication that its property, plant and equipment and right-of-use assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

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 cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Leases

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

The Group as lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as lessee (continued)

The right-of-use asset is initially measured at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives at the annual rates/useful lives of the right-of-use asset as follows:

Office premises

Over the term of lease

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as lessee (continued)

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to consolidated profit or loss represents contributions payable by the Group to the funds.

The Group also participates in a defined contribution retirement scheme organised by the government in the People's Republic of China ("PRC"). The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to consolidated profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

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 is transferred to retain earnings.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill, or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Related parties

A related party is a person or entity that is related to the Group.

- (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 the holding company of the Group.
- (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 holding company, 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. If the Group is itself such a plan, the sponsoring employers are also 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 holding company 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 holding company of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Related parties (continued)

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

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Management contracting services

The Group recognises revenue and associated attributable profit from management contracting services based on the latest available budgets of those construction contracts with reference to the overall performance and the percentage of completion of construction works of each construction contract which requires management's best estimation and judgement. The percentage of completion of construction works is estimated based on the contract costs incurred for work performed to date relative to the estimated total contract costs. Contract costs of construction works, which mainly comprise costs for interior decorative materials, labour costs and subcontracting fees, are based on quotations from time to time provided by the major subcontractors/suppliers/vendors and the experience of the management of the Group taking into account of factors including the profit margin and contract costs of similar projects, which involve the management's best estimates and judgements. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Details of the recoverable amount calculation are disclosed in Note 15.

Loss allowance for ECL

The Group's management estimates the loss allowance for trade debtors and contract assets by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's considerations of the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, having considered available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet obligations;
- Actual or expected significant changes in the operating results of the customer;
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer.

Based on the expected recoverability and timing for collection of outstanding balances, the Group maintained a provision for doubtful debts and actual losses incurred which had been within management's expectations. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade debtors and contract assets.

Fair value measurements and valuation processes

Certain of the Group's financial assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the fair value of the asset or liability is estimated by reference to the valuation performed by professional valuers.

Information about the valuation techniques and inputs used in determining the fair value of various financial assets are disclosed in note 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the 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 discussed below.

Fair values of investment properties

The Group appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to the estimates used in valuation would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

Provision for impairment of trade, loan and other receivables

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade, loan and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade, loan and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Fair value of equity investments at FVTOCI

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's investment in equity investments at FVTOCI (the "Equity Investments"), details of which are set out in note 17 to the consolidated financial statements, by considering information from a variety of sources, including the latest published financial information, the historical data on market volatility as well as the price and industry and sector performance of the equity investments. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factor could result in material adjustments to the fair value of the Equity Investment.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing for the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Changing the assumptions and estimations, including the discount rate could materially affect the recoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

Income taxes

The Group is subject to income taxes in Hong Kong and the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. SEGMENT INFORMATION

The executive directors of the Company, who have been identified as the chief operating decision makers review the Group's internal reports in order to assess performance and allocate resources.

Based on the products and services offered by the Group to the customers, the executive directors of the Company consider that the operating segments are as follows:

Management contracting services:	provision of design, procurement and installation services of the water circulation systems and related maintenance services
Consultancy services:	provision of consultancy services on water circulation systems and engineering, procurement and construction management ("EPCM") services of commercial and residential buildings and infrastructures in China

No operating segments have been aggregated in arriving at the reportable segments of the Group.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2 to the consolidated financial statements.

Segment profit represents the profit earned by each reportable and operating segment without allocation of other income, administrative expenses, listing expenses, finance costs and income tax expenses.

This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

The assets of the Group are allocated to reportable and operating segments except for goodwill, contingent consideration receivable, certain of other receivables, deposits and prepayments, equity investment at FVTOCI and bank balances and cash.

The liabilities of the Group are allocated to reportable and operating segments except for bank and other borrowings and other payables and accruals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

3. SEGMENT INFORMATION (continued)

The segment information for the reportable and operating segments for the years ended 31 March 2025 and 2024 is as follows:

	Management contracting services HK\$'000	Consultancy services HK\$'000	Total HK\$'000
Year ended 31 March 2025			
Revenue from external customers and segment revenue	<u>23,824</u>	<u>681</u>	<u>24,505</u>
Segment profits	<u>8,169</u>	<u>513</u>	<u>8,682</u>
Other income and losses, net			(3,797)
Impairment loss on contract assets			(15,601)
Impairment loss on trade receivables			(1,657)
Administrative expenses			(6,014)
Finance costs			<u>(541)</u>
Loss before tax			<u>(18,928)</u>
Year ended 31 March 2024			
Revenue from external customers and segment revenue	<u>13,089</u>	<u>8,795</u>	<u>21,884</u>
Segment profits	<u>4,218</u>	<u>1,228</u>	<u>5,446</u>
Other income and gains, net			511
Impairment loss on contract assets			(3,122)
Impairment loss on trade receivables			(558)
Administrative expenses			(11,919)
Finance costs			<u>(384)</u>
Loss before tax			<u>(10,026)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

3. SEGMENT INFORMATION (continued)

The following is an analysis of the Group's assets and liabilities by operating segments:

	Management contracting services HK\$'000	Consultancy services HK\$'000	Total HK\$'000
At 31 March 2025			
Segment assets	51,192	9,018	60,210
Bank balances and cash			1,819
Other receivables, deposits and prepayments			16,431
Equity investment at FVTOCI			2,625
Consolidated assets			81,085
Segment liabilities	41,328	8,519	49,847
Bank and other borrowings			5,654
Other payables and accruals			19,597
Consolidated liabilities			75,098
At 31 March 2024			
Segment assets	67,666	10,400	78,066
Bank balances and cash			170
Other receivables, deposits and prepayments			17,882
Equity investment at FVTOCI			2,700
Goodwill			2,739
Contingent consideration receivable			5,611
Consolidated assets			107,168
Segment liabilities	60,865	9,885	70,750
Bank and other borrowings			6,186
Other payables and accruals			18,842
Consolidated liabilities			95,778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

3. SEGMENT INFORMATION (continued)

The following table provides an analysis of the Group's revenue based on geographical location where installation works or other services are provided:

	2025 HK\$'000	2024 HK\$'000
Hong Kong	23,824	13,089
Mainland China	681	8,795
	24,505	21,884

The following is an analysis of the carrying amounts of non-current assets, analysed by the geographical area in which the assets are located:

	2025 HK\$'000	2024 HK\$'000
Hong Kong	2,625	3,346
Mainland China	2,704	4,510
	5,329	7,856

Information about major customers

Revenue from customers of the years ended 31 March 2025 and 2024 contributed over 10% of the Group's revenue are as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A	10,718	— [^]
Customer B	— [^]	10,738
Customer C	10,259	— [^]

[^] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

4. REVENUE

	2025 HK\$'000	2024 HK\$'000
Revenue from management contracting services	23,824	13,089
Revenue from consultancy services	681	8,795
	24,505	21,884

All revenue generated by the Group for the years ended 31 March 2025 and 2024 was from contracts with customers within HKFRS 15 and recognised over time.

5. OTHER INCOME AND (LOSSES)/GAINS, NET

	2025 HK\$'000	2024 HK\$'000
Bank interest income	–	5
Exchange (losses)/gains, net	(386)	453
Fair value (loss)/gain on contingent consideration receivable	(5,611)	1,473
Impairment loss on goodwill	(2,739)	(1,530)
Loss on early termination of leases	(8)	–
Sundry income	232	110
Waive of other payables and accruals	4,715	–
	(3,797)	511

6. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank borrowings	138	233
Interest on bank overdrafts	–	46
Interest on other borrowings	379	37
Interest on lease liabilities	24	68
	541	384

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

7. LOSS BEFORE TAX

This is stated after charging:

	2025 HK\$'000	2024 HK\$'000
Staff costs and related expenses (including directors' remuneration (note 8))		
Directors' emoluments	1,968	2,381
Other staff's salaries, allowances and other benefits	1,063	1,614
Contributions to defined contribution plans	21	73
	3,052	4,068
Less: Amount included in cost of services	(51)	(71)
	3,001	3,997

	2025 HK\$'000	2024 HK\$'000
Other items		
Auditors' remuneration	390	360
Contract costs relating to management contracting services recognised as expenses*	15,823	16,438
Depreciation of property, plant and equipment	–	28
Depreciation of right-of-use asset	983	1,306
Impairment loss on goodwill	2,739	1,530
Impairment loss on trade receivables	1,657	558
Impairment loss on contract assets	15,601	3,122
Loss on early termination of leases	8	–

* Contract costs included approximately HK\$2,561,000 (2024: approximately HK\$2,714,000) and approximately HK\$11,920,000 (2024: HK\$12,319,000) relating to the consumables goods and sub-contractor costs respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the following directors were as follows:

Year ended 31 March 2025

	Directors' fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Contributions to defined contribution plans HK\$'000	Total HK\$'000
Executive directors:				
Mr. Ng Wan Lok	–	576	18	594
Ms. Wong Wing Hung	–	528	18	546
Mr. Wang Xinliang (Ceased on 30 September 2024)	–	–	–	–
Mr. Chung Yu Ching (Appointed on 22 May 2024 and resigned on 8 October 2024)	–	83	–	83
Mr. Shu Zhongwen (Resigned as chief executive officer on 8 October 2024)	–	246	–	246
Non-executive director:				
Ms. Shu Huajuan (Appointed on 4 December 2024)	39	–	–	39
Independent non-executive directors:				
Mr. Cheung Hiu Fung	120	–	–	120
Mr. Yuen Wai Keung	120	–	–	120
Mr. Yiu Chi Wai (Appointed on 4 December 2024)	38	–	–	38
Mr. Ma Meng (Ceased on 30 September 2024)	78	–	–	78
Mr. Li Ruyi (Resigned on 4 December 2024)	104	–	–	104
	499	1,433	36	1,968

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

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

Year ended 31 March 2024

	Directors' fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Contributions to defined contribution plans HK\$'000	Total HK\$'000
Executive directors:				
Mr. Wang Lun (Resigned on 20 November 2023)	–	131	–	131
Mr. Shu Zhongwen	–	480	–	480
Ms. Wong Wing Hung	–	510	18	528
Mr. Ng Wan Lok	–	558	18	576
Mr. Wang Xing Liang	–	–	–	–
Mr. Jiang Jianguo (Appointed on 4 April 2023 and resigned on 24 April 2023)	–	–	–	–
Non-executive director:				
Ms. Chen Xiaodan (Resigned on 20 November 2023)	–	114	–	114
Independent non-executive directors:				
Mr. Ma Meng	156	–	–	156
Mr. Li Ruyi	156	–	–	156
Ms. Yuen Wai Man (Resigned on 18 August 2023)	46	–	–	46
Mr. Cheung Hiu Fung	120	–	–	120
Mr. Yuen Wai Keung (Appointed on 18 August 2023)	74	–	–	74
	<u>552</u>	<u>1,793</u>	<u>36</u>	<u>2,381</u>

During the years ended 31 March 2025 and 2024, no remuneration was paid by the Group to any of these directors and the Chief Executive Officer as an inducement to join or upon joining the Group or as a compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 March 2025 and 2024 is as follows:

	Number of individuals	
	2025	2024
Director	3	3
Non-director	2	2
	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and other benefits	431	591
Contributions to defined contribution plans	23	—
	454	591

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	2025	2024
Not exceeding HK\$1,000,000	2	2

During the years ended 31 March 2025 and 2024, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

10. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Hong Kong Profits Tax	167	455
PRC Enterprise Income Tax	167	45
Total income tax expenses for the year	334	500

The Group's entities established in the Cayman Islands, Samoa and the British Virgin Islands ("BVI") are exempted from income tax.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25% (2024: 8.25%), and profits above HK\$2 million will be taxed at 16.5% (2024: 16.5%). Hong Kong profits tax was calculated at a flat rate of 16.5% (2024: 16.5%) of the estimated assessable profits.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% of the profit assessable to tax for both of the years presented.

Macau Complementary Tax has not been provided as the Group's entity established in Macau incurred a loss for taxation purposes.

The Group has unused estimated tax losses of approximately HK\$86,171,000 (2024: HK\$86,509,000) available to offset against future profits which have no expiry date under current tax legislation. No deferred tax asset has been recognised in respect of the unused tax losses of approximately HK\$69,151,000 (2024: HK\$69,489,000) due to the unpredictability of future profit streams.

The reconciliation between the income tax expenses and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(18,928)	(10,026)
Tax at the applicable tax rate 16.5% (2024: 16.5%)	(3,123)	(1,654)
Tax effect of income not taxable for tax purpose	(990)	–
Tax effect of expenses not deductible for tax purpose	4,630	752
Unrecognised tax losses	–	1,402
Utilisation of tax losses previously not recognised	(56)	–
Tax effect of tax concession	(165)	–
Tax effect of different tax rates of subsidiaries	38	–
Income tax expense	334	500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

11. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss for the year attributable to the owners of the Company, used in basic and diluted loss per share calculation	(19,319)	(10,726)
	Number of shares	
	2025	2024 (Restated)
Weighted average number of ordinary shares for basic and diluted loss per share calculation	36,175,137	28,863,349
Loss per share, basic and diluted (HK cents)	(53.4)	(37.2)

The weighted average number of ordinary shares for the purpose of basic loss per share for the years ended 31 March 2025 and 2024 has been adjusted retrospectively for the effect of share consolidation completed on 29 April 2025 as if it had been effective on 1 April 2023. Additionally, for the year ended 31 March 2024, the number of ordinary shares has been adjusted to take into effect of the rights issue as if it had been effective on 1 April 2023.

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their assumed exercise would lead to anti-dilutive effect and result in a decrease in loss per share for the years ended 31 March 2025 and 2024.

12. DIVIDENDS

The directors of the Company did not declare or propose any dividend for the year ended 31 March 2025 (2024: HK\$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reconciliation of carrying amount – Year ended 31 March 2024				
At 1 April 2023	13	10	5	28
Acquisition of a subsidiary (<i>note 33</i>)	–	3	–	3
Depreciation	(13)	(10)	(5)	(28)
At 31 March 2024	–	3	–	3
Reconciliation of carrying amount – Year ended 31 March 2025				
At 1 April 2024	–	3	–	3
Depreciation	–	–	–	–
At 31 March 2025	–	3	–	3
At 31 March 2024				
Cost	60	52	34	146
Accumulated depreciation	(60)	(49)	(34)	(143)
Net carrying amounts	–	3	–	3
At 31 March 2025				
Cost	60	52	34	146
Accumulated depreciation	(60)	(49)	(34)	(143)
Net carrying amounts	–	3	–	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

HK\$'000

Reconciliation of carrying amount – year ended 31 March 2024

At 1 April 2023	64
Additions	3,656
Depreciation	(1,306)

At 31 March 2024 2,414

Reconciliation of carrying amount – year ended 31 March 2025

At 1 April 2024	2,414
Depreciation	(983)
Early termination of leases, net (<i>note</i>)	(1,431)

At 31 March 2025

At 31 March 2024	
Cost	3,656
Accumulated depreciation	(1,242)

Net carrying amount 2,414

At 31 March 2025

Cost	–
Accumulated depreciation	–

Net carrying amount

Note: Net of cost of approximately HK\$3,656,000 and accumulated depreciation of approximately HK\$2,225,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities

	2025 HK\$'000	2024 HK\$'000
Current portion	–	1,713
Non-current portion	–	712
	<u>–</u>	<u>2,425</u>
Lease liabilities payable		
Within 1 year	–	1,713
Between 1 and 2 years	–	712
	<u>–</u>	<u>2,425</u>

Extension and termination options

The lease contracts of office premise, contain an extension and termination option. The option aims to provide flexibility to the Group in managing the leased asset. The extension option of the leases of office premise is normally exercised because the Group does not want to incur additional administrative costs while the termination option is normally not exercised. During the years ended 31 March 2025 and 2024, all the lease contracts contain an extension or termination option.

The Group leases various office and premises for its daily operations and the lease terms ranging from one to two years. The total cash outflow for leases was approximately HK\$1,026,000 and HK\$1,341,000 for the years ended 31 March 2025 and 2024 respectively.

Restrictions or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessor, the right-of-use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those properties in a good state of repair and return the properties in their original condition at the end of the leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

15. GOODWILL

	2025 HK\$'000	2024 HK\$'000
COST		
At 1 April	4,269	3,870
Arising from acquisition of subsidiaries (note 33)	–	399
	<u>4,269</u>	<u>4,269</u>
At 31 March	<u>4,269</u>	<u>4,269</u>
ACCUMULATED IMPAIRMENT		
At 1 April	(1,530)	–
Impairment of goodwill	(2,739)	(1,530)
	<u>(4,269)</u>	<u>(1,530)</u>
At 31 March	<u>(4,269)</u>	<u>(1,530)</u>
Net carrying amount	<u>–</u>	<u>2,739</u>

The cost of goodwill was allocated as follows:

	2025 HK\$'000	2024 HK\$'000
City Key Group	–	2,340
Shenzhen Jin Kai	–	399
	<u>–</u>	<u>2,739</u>

Goodwill has been allocated to the consultancy services business for impairment testing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

15. GOODWILL (continued)

City Key Group

Goodwill arose from the acquisition of City Key Group Limited and its subsidiaries ("City Key Group") which was completed in 8 April 2022. The cash generating unit ("CGUs") to which the goodwill was allocated represents City Key Group which, through its PRC subsidiaries, is principally engaging in the development, leasing and management of properties located in the PRC.

The Company engaged a valuer, Weisi Limited ("the valuer") to conduct a valuation, according to Hong Kong Accounting Standard 36, "Impairment of Assets" ("HKAS 36") on the fair value of the cash generating unit ("CGUs") as at 31 March 2024.

The recoverable amounts of the CGUs at each subsequent reporting date are determined based on fair value using the market approach with reference to recent market comparable. By adopting this approach, valuation multiples are derived from market prices and financial data of listed companies having the business and business model similar to those of the City Key Group and its subsidiaries being valued. The valuation multiples derived from the adopted listed companies are then applied to the financial data of the City Key Group and its subsidiaries, with appropriate adjustments wherever necessary, to arrive at its fair value. Commonly used multiple is Price-to-Earnings ratio ("PE"). In the opinion of the directors, the fair value of the CGUs is measured at a level 3 fair value hierarchy.

Since sufficient market data on public companies with similar business and business model are available for the analysis and estimation of an appropriate valuation multiple for the company being valued, the directors of the Company believe it is appropriate to use this method in this valuation exercise with average PE with risk premium adjustment.

After certain adjustments, we have adopted a market PE multiple and applied to the projected yearly net profit of the City Key Group and its subsidiaries.

Key assumptions adopted in the preparation for fair value calculations as at 31 March 2024 are as follows:

	2024
Adjusted PE	13.12
Discount for lack of marketability ("DLOM") adjustment	<u>25%</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

15. GOODWILL (continued)

City Key Group (continued)

The following table demonstrates the sensitivity as at 31 March 2024 to the reasonably possible change in the DLOM adjustment and adjusted PE of the goodwill:

	2024	
	Sensitivity of fair value to the input	
	HK\$	HK\$
	Decrease	Increase
If strengthens/weakens against PE by 5%	(113,000)	113,000
	Increase	Decrease
If strengthens/weakens against DLOM by 5%	56,000	(56,000)

During the first quarter of the year ended 31 March 2025, the subsidiary has minimal operation. Based on the financial information of City Key Group, the management considered the recoverable amount is minimal, therefore the goodwill has been fully impaired during the year ended 31 March 2025.

Based on the above impairment assessment, impairment loss of goodwill amounted to approximately HK\$2,340,000 (2024: HK\$1,530,000) was recognised by the Group and charged to profit or loss for the year ended 31 March 2025.

The carrying amount of goodwill as at 31 March 2025 was HK\$Nil (2024: HK\$2,340,000).

Shenzhen Jin Kai Culture Communication

Goodwill of approximately HK\$399,000 arose from the acquisition of 100% equity interest in Shenzhen Jin Kai Culture Communication Company Limited* ("Shenzhen Jin Kai") and was recognised at the date of acquisition, i.e. 5 June 2023. Shenzhen Jin Kai is principally engaged in the development, leasing and management of properties located in the PRC.

Based on the internal impairment assessment, the directors of the Company consider that an impairment of goodwill amounted to approximately HK\$399,000 (2024: HK\$nil) be recognised for the CGU of Shenzhen Jin Kai during the year ended 31 March 2025.

* For identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

16. CONTINGENT CONSIDERATION RECEIVABLE

The fair value of the contingent consideration receivable represented the profit guarantee in relation to the adjustments to the consideration from the acquisition of City Key Group from acquisition date. Contingent consideration receivable is measured at fair value at the end of the reporting period.

The movement of the fair value of contingent consideration receivable is as follow:

	2025 HK\$'000	2024 HK\$'000
At fair value:		
At beginning of the year	5,611	4,138
Change in fair value	(5,611)	1,473
At end of the year	–	5,611

Notes:

(a) Adjustment to the consideration

Pursuant to the sale and purchase agreement entered in relation to the acquisition of the City Key Group Limited, the Vendor irrevocably and unconditionally warrant and guarantee to the Company that, during the period from 1 January 2022 to 31 December 2024 ("Guarantee Period"), the aggregate audited net profit after tax of Jiayou (Beijing), one of the subsidiaries of the City Key Group Limited, will not be less than RMB27,000,000 (the "Guaranteed Profit").

Where the Guaranteed Profit is not achieved during the Guarantee Period (i.e. the Guaranteed Profit is higher than the actual profit of Jiayou (Beijing) for the three years ending 31 December 2024 (the "Actual Profit"), the compensation amount which shall be paid from the Vendor to the Company is calculated based on the below formula:

$$\text{Compensation} = (\text{Guaranteed Profit} - \text{Actual Profit}) \times 1.9$$

The Company and the Vendor agrees that the maximum amount of compensation shall not be more than the Consideration, being HK\$8,008,000. The Company shall not need to pay to the Vendor if the Actual Profit is higher than the Guaranteed Profit during the Guarantee Period.

The adjustment change of the contingent consideration is recognised in the profit or loss.

(b) During the year ended 31 March 2025, the Guarantee Period has ended. The Actual Profit during the Guarantee Period was below the Guaranteed Profit. However, the management considered the recoverable amount of the contingent consideration receivable was close to zero based on the credit assessment on the Vendor. Therefore, the fair value was determined to be zero at the end of the Guarantee Period.

For the year ended 31 March 2024, in considering the Contingent Consideration Receivable Value of the Company, initially, we have adopted Market Approach to arrive at the Business Enterprise Value ("BEV") of the Company as at the date of valuation, then we adopted the consideration of the Company (the "Consideration") as at the date of acquisition and then subtracts the BEV which gives the figure of Goodwill of the Company as at the date of valuation. The balance of Consideration and Goodwill of the Company is then the Contingent Consideration Receivable Value of the Company.

After certain adjustments, we have adopted a market PE multiple and applied to the projected yearly net profit of the City Key Group and its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

16. CONTINGENT CONSIDERATION RECEIVABLE (continued)

Key assumptions adopted in the preparation for fair value calculations as at 31 March 2024 are as follows:

	2024
Adjusted PE	13.12
DLOM adjustment	<u>25%</u>

The following table demonstrates the sensitivity at the end of the reporting period to the reasonably possible change in the DLOM adjustment and adjusted PE of the goodwill:

	2024 Sensitivity of fair value to the input	
	HK\$	HK\$
	Increase	Decrease
If strengthens/weakens against PE by 5%	<u>113,000</u>	<u>(113,000)</u>
	Decrease	Increase
If strengthens/weakens against DLOM by 5%	<u>(56,000)</u>	<u>56,000</u>

17. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Unlisted equity investments, at fair value	<u>2,625</u>	<u>2,700</u>

The unlisted equity investments are intended to be held for the medium to long-term. Designation of these investments as equity investments at FVTOCI can avoid the volatility of the fair value changes of these investments to the profit or loss.

On 1 March 2024, Mega Charm International Holdings Limited, a wholly-owned subsidiary of the Company, completed a sale and purchase agreement with Mr. Wong King Man, an independent third party, to acquire the 15% equity interest in Wing Keung Engineering Company ("Wing Keung"). The consideration for the sale and purchase of the Sale Share was HK\$2,700,000 in which the Company allotted and issued 16,500,000 shares at an issue price of approximately HK\$0.1636. After the completion, the Company indirectly holds 15% equity interest in Wing Keung, a partnership established in Hong Kong which is principally engaged in the provision of engineering and construction services to various public organisations and private companies in Hong Kong since 1992.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

18. INTANGIBLE ASSETS

	2025 HK\$'000	2024 HK\$'000
COST		
At beginning of the year	–	–
Addition (<i>Note</i>)	2,701	–
At end of the year	2,701	–
ACCUMULATED AMORTISATION		
At beginning and end of the year	–	–
Net carrying amount	2,701	–

Note:

Asset acquisition

On 10 July 2024, the Group entered into a sale and purchase agreement to acquire 100% equity interest in Guangdong Haobai Construction Engineering Co., Ltd* (廣東浩柏建設工程有限公司) ("Guangdong Haobai") at a total cash consideration of RMB2,450,000 (equivalent to HK\$2,655,000). Guangdong Haobai is principally engaged in provision of engineering, procurement and construction management ("EPCM") services of commercial and residential infrastructures in the PRC. The transaction was completed in 2 October 2024 and recognised as a acquisition of assets, rather than a business combination, given the substantially all of the fair value of the gross assets is concentrated in a group of similar identifiable assets. The consideration was credited to the deposits paid balance as at 31 March 2024.

As per a Enterprise Qualification Certificate dated 29 May 2023, Guangdong Haobai has 4 construction engineering works qualification licenses granted by Housing and Construction Bureau of Shenzhen Municipality. The certificate is valid up to 17 January 2028, renewable upon application. Through the licenses, Haobai is eligible to undertake construction contracts in the PRC. The construction license basically has 5 years legal life but is renewable upon application as long as Guangdong Haobai is able to comply with certain provisions and requirements throughout the relevant period. As a result, the construction license is considered by the management of the Group as having an indefinite useful life because it is expected to contribute net cash inflow indefinitely. The licenses will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing, the Group's management engaged a professional valuer, Weisi Limited (the "Valuer"), to assess the fair value of its four construction engineering works qualification licenses in accordance with HKAS 36 Impairment of Assets. The Valuer conducted the valuation as at the acquisition date, 2 October 2024, adopting the market approach by referencing observable and comparable market transactions for similar assets, with appropriate adjustments to reflect differences in condition and utility. Based on this assessment, the fair value of the licenses was estimated to be approximately RMB2,400,000 as of acquisition date, 2 October 2024. Management subsequently evaluated the carrying amount of these intangible assets as at 31 March 2025 and determined that there had been no significant change in value during the period. Accordingly, no impairment loss on intangible assets was recognised in profit or loss for the year ended 31 March 2025.

* For identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

19. CONTRACT ASSETS/CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Contract assets and contract liabilities arising from management contracting services as follows:		
Contract assets (including retention receivables) gross amount	61,121	70,147
Less: Loss allowance (<i>Note</i>)	(22,198)	(6,597)
	<u>38,923</u>	<u>63,550</u>
Contract liabilities	<u>3,183</u>	<u>15,053</u>

Note: At 31 March 2025, following the assessment of individual balances based on the Group's historical default experiences and the individual characteristics of each customer including but not limited to the aging profile and financial position together with other forward looking factors, the Group has provided a loss allowance of approximately HK\$22,198,000 (2024: HK\$6,597,000) on contract assets as at 31 March 2025.

At the end of the reporting period, the contract assets that are expected to be recovered after more than 12 months are approximately HK\$14,035,000 (2024: HK\$7,292,000), which represented the retention receivables. The remaining contract assets and liabilities are expected to be recovered within 12 months.

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Year ended 31 March 2025

19. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)

The movements of contract assets and liabilities (excluding those arising from increases and decreases both occurred within the same year) from contracts with customers within HKFRS 15 during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Contract assets		
At beginning of the year	63,550	59,928
Transferred to trade debtors	(31,190)	(4,103)
Recognition of revenue	22,164	10,847
Loss allowance recognised	(15,601)	(3,122)
At end of the year	38,923	63,550
Contract liabilities		
At beginning of the year	(15,053)	(20,615)
Receipt of advances or recognition of receivables	–	(623)
Recognition of revenue/transferred to retention receivables and trade receivables	11,870	6,185
At end of the year	(3,183)	(15,053)

The expected timing of the revenue recognition of the performance obligations that are unsatisfied (or partially unsatisfied) at 31 March 2025 and 2024 is within 1 year. As permitted under HKFRS 15, the transaction price allocated to those contracts is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

19. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)

Retention receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts, ranging from one to two years from the date of the completion of the respective projects. The retention receivables (net of written-off and loss allowance) to be settled, based on the expiry of the defect liability period, at the end of the reporting period are:

	2025 HK\$'000	2024 HK\$'000
On demand or within one year	15,515	–
After one year	–	7,292
	15,515	7,292

20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	2025 HK\$'000	2024 HK\$'000
Trade debtors		31,493	23,352
Less: Loss allowance		(12,910)	(11,253)
	20(a)	18,583	12,099
Pledged deposits to an insurance company	20(b)	158	158
Other receivables, deposits and prepayments	20(c)	16,273	17,724
		35,014	29,981

Notes:

- (a) Trade debtors mainly arise from management contracting business and consultancy services. The Group's credit terms for its management contracting business are negotiated at terms determined and agreed with its trade customers. The credit periods are ranging from 30 to 60 days. The ageing analysis of trade debtors, net of loss allowance, based on invoice date at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	10,167	1,705
31 to 60 days	99	272
Over 60 days	8,317	10,122
	18,583	12,099

The Group maintains a defined credit policy to assess the credit quality of the trade customers. The collection is closely monitored to minimise any credit risk associated with these trade debtors.

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Year ended 31 March 2025

20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Notes: (continued)

(a) (continued)

At the end of the reporting period, the ageing analysis of the past due trade debtors, net of loss allowance:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	–	–
31 to 60 days	–	–
61 to 365 days	–	6,198
More than one year	8,317	3,924
	8,317	10,122

- (b) Pledged deposits of approximately HK\$158,000 (2024: approximately HK\$158,000) to an insurance company is the security for issuance of performance bonds in respect of contracts for management contracting services with prevailing market rates at 0.2% (2024: 0.2%) per annum.
- (c) During the year ended 31 March 2024, the Group has entered certain non-binding memorandum of understanding (the "MOUs") with potential vendors in respect of not limited to acquisition, investment or co-operation. As at 31 March 2025, the other receivables, deposits and prepayments include the deposits paid to potential vendors of approximately HK\$14,087,000 (2024: HK\$9,873,000). Subsequent to the end of the reporting period, the Company has terminated the MOUs and the deposits were refunded amounting to approximately HK\$7,043,000 and the remaining amount is expected to be recovered within one year.

21. BANK BALANCES AND CASH

	2025 HK\$'000	2024 HK\$'000
Bank balances and cash	1,819	170

Bank balances earns interest at floating rates based on daily bank deposit rates as at 31 March 2025 and 2024. The bank balances are deposited with creditworthy banks with no recent history of default.

RMB is not freely convertible into other currencies, however, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

21. BANK BALANCES AND CASH (continued)

The Group's bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2025 HK\$'000	2024 HK\$'000
Renminbi ("RMB")	128	4
MOP	57	57

For the years ended 31 March 2025 and 2024, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant, no allowance for ECL is provided for the years.

22. TRADE AND OTHER PAYABLES AND ACCRUALS

	Note	2025 HK\$'000	2024 HK\$'000
Trade payables	22(a)	28,346	20,901
Accrued salaries		7,438	5,910
Other payables and accruals		16,228	22,708
Amount due to a shareholder	22(b)	13,608	21,773
		65,620	71,292

Notes:

- (a) The credit period on trade creditors is 30–90 days. The ageing analysis of trade creditors presented based on the invoice date at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	–	2,320
31 to 60 days	–	106
61 to 90 days	–	106
91 to 365 days	–	5,299
Over one year	28,346	13,070
	28,346	20,901

- (b) The amount due is unsecured, interest-free and repayable on demand. On 31 March 2025, the substantial shareholder of the Company has intended not to demand for any repayment due to her until the Group is in a financial position to do so. During the year ended 31 March 2025, the substantial shareholder of the Company unconditionally waived the amount owed to her, totaling HK\$6,000,000, which has been credited to capital reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

23. BANK AND OTHER BORROWINGS

	Note	2025 HK\$'000	2024 HK\$'000
Bank borrowings – unsecured	23(a)	630	848
Bank borrowings – unsecured	23(b)	3,191	4,338
Other borrowings – unsecured	23(c)	1,833	1,000
		5,654	6,186

All the bank and other borrowings are denominated in HK\$.

The bank and other borrowings are repayable as follows:

	2025 HK\$'000	2024 HK\$'000
On demand or within one year	5,654	6,186

Analysis of the amounts due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) is as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	2,810	2,643
1 to 2 years	2,844	986
2 to 5 years	–	2,557
	5,654	6,186

Notes:

- (a) The bank borrowings carry floating interest rates at 5.25% (2024: 5.75% to 5.875%) per annum based on prime rate and corporate guarantee provided by the Company to its wholly owned subsidiary.
- (b) The bank borrowings carry floating interest rates ranging from 3% to 3.625% (2024: 2.875% to 3.625%) per annum based on prime rate and the bank borrowings are under the SME financing guarantee scheme of HKMC Insurance Limited.
- (c) The other borrowings are interest bearing at 24% per annum, unsecured and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

24. SHARE CAPITAL

	Note	Number of shares	Share capital HK\$'000
Authorised:			
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025, ordinary shares of HK\$0.1 each		1,000,000,000	100,000
Issued and fully paid:			
At 1 April 2023, ordinary shares of HK\$0.1 each		195,340,000	19,534
Share issued under rights issue	(a)	97,670,000	9,767
Share issued for acquisition of an equity investment	(b)	16,500,000	1,650
At 31 March 2024 and 1 April 2024, ordinary shares of HK\$0.1 each		309,510,000	30,951
Share issued under specific mandate for debt capitalisation	(c)	22,560,000	2,256
Share issued under specific mandate for debt capitalisation	(d)	19,540,000	1,954
Share issued under specific mandate for debt capitalisation	(e)	70,320,000	7,032
At 31 March 2025, ordinary shares of HK\$0.1 each		421,930,000	42,193

Notes:

- (a) On 11 September 2023, the Company completed a rights issue of 97,670,000 rights shares at the subscription price of HK\$0.20 per rights share on the basis of one rights share for each two shares at the Company (the "Rights Issue"). The net proceeds from rights issue were approximately HK\$18,330,000 after deducting directly attributable costs of approximately HK\$1,204,000. The results of the rights issue are set out in the Company's announcement dated 8 September 2023.
- (b) On 26 January 2024, the Company entered sales and purchase agreement with the vendor in relation to the acquisition of an equity investment at consideration of HK\$2,700,000 and settled by issued of 16,500,000 ordinary shares (note 17 to the consolidated financial statements).
- (c) On 13 August 2024, the Company and the Creditor A entered into the Agreement, pursuant to which, subject to fulfilment of the conditions thereof, the Company has agreed to allot and issue, and the Creditor A has conditionally agreed to subscribe 22,560,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$3,045,600.
- (d) On 22 August 2024, the Company and the Creditors Group A entered into the Agreements, pursuant to which, subject to fulfilment of the conditions thereof, the Company has agreed to allot and issue, and the Creditors Group A have conditionally agreed to subscribe a total of 19,540,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$2,638,000.
- (e) On 5 November 2024, the Company and the Creditors Group B entered into the Agreements, pursuant to which, subject to fulfilment of the conditions thereof, the Company has agreed to allot and issue, and the Creditors Group B have conditionally agreed to subscribe a total of 70,320,000 Capitalisation Shares in settlement of the Partial Indebted Sum of approximately HK\$2,250,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25. SHARE OPTION SCHEME

A summary of the scheme of the Company is set out in the section headed “Share Option Scheme” in the Report of the Directors of the annual report.

The Company adopted a share option scheme in May 2017 (the “Share Option Scheme”). The Share Option Scheme became effective on the date of the Company’s listing (i.e. 26 May 2017) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 130,000,000 shares, representing 10% and 4% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme and as at the date of this annual report respectively. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the Option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million (or such other amount as permissible under the GEM Listing Rules from time to time), are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within such time to be determined by the Board and upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised. The exercise price of the share options shall be not less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets on the date on which the option is offered, which must be a business day (the “Offer Date”); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the par value of the Shares.

On 27 April 2022, certain directors, employees and consultants of the Group were granted shares options to subscribe for 130,000,000 shares at an exercise price of HK\$0.0342 per share, details of which are set out in the Company’s announcement dated 27 April 2022.

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Year ended 31 March 2025

25. SHARE OPTION SCHEME (continued)

An option may be accepted by a participant within 21 days from the date of grant with a nominal consideration of HK\$1 on each grant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The exercise price is determined by the Directors and will not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

There is no performance target which must be achieved before any of the options can be exercised.

Except for the 6,115,384 (2024: 6,115,384) share options, no ordinary shares of the Company are available for issue under the Share Option Scheme as at the date of this annual report.

No share options were granted during the year and the following share options were outstanding under the Scheme during the years ended 31 March 2025 and 2024:

	<i>Number of options</i>
Number of share options as at 1 April 2023	6,000,000
Adjusted during the year (<i>note</i>)	<u>115,384</u>
Number of share options as at 31 March 2024, 1 April 2024 and 31 March 2025	<u>6,115,384</u>

Note: The exercise price per share option and the number of share options were adjusted upon the completion of rights issue on 11 September 2023.

No options were granted, exercised and expired during the year. The number of exercisable options is 6,115,384 (2024: 6,115,384) as at 31 March 2025.

The share options outstanding as at 31 March 2025 had an exercise price of HK\$0.342 and a remaining contractual life of 7.08 years. No options were exercised during 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

25. SHARE OPTION SCHEME (continued)

Fair value of options granted

The fair value of options granted is being calculated by an external qualified valuer by using Black-Scholes Option Pricing Model.

Black-Scholes Option Value

Input Data

Stock Price on 27/4/2022 (S)	0.034
Exercise Price of Option (K)	0.0342
Number of periods to Exercise in years (T-t)	10
Compounded Risk-Free Interest Rate (r)	2,826%
Standard Deviation (annualized σ)	77.263%

Output Data

Present Value of Exercise Price	0.0258
$\sigma \times (T-t)^{0.5}$	2.4433
d1	1.3349
d2	-1.1084
Delta N(d1) Normal Cumulative Density Function	0.9090
N(d2) X PV(EX)	0.0035

Value of Call 0.0275

Number of shares to be converted	130,000,000
Value of conversion rights	3,570,000

Per the report prepared by the Company's external qualified valuer, the fair value of 130,000,000 share options as of date of grant is HK\$3,570,000.

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

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Year ended 31 March 2025

26. OTHER CASH FLOW INFORMATION

(a) Cash generated from/(used in) operations

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(18,928)	(10,026)
Depreciation	983	1,334
Fair value loss/(gain) on contingent consideration receivable	5,611	(1,473)
Interest expenses	541	384
Interest income	–	(5)
Impairment loss on goodwill	2,739	1,530
Impairment loss recognised on ECL on trade receivables	1,657	558
Impairment loss recognised on ECL on contract assets	15,601	3,122
Loss on early termination of leases	8	–
Waiver of other payables and accruals	(4,715)	–
Waiver of amount due to a substantial shareholder	(6,000)	–
	(2,503)	(4,576)
Change in working capital:		
Contract assets/liabilities	9,026	(6,744)
Trade and other receivables, deposits and prepayments	2,988	(5,565)
Trade and other payables and accruals	1,107	10,449
Cash generated from/(used in) operations	10,618	(6,436)

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Year ended 31 March 2025

26. OTHER CASH FLOW INFORMATION (continued)

(b) Reconciliation of liabilities arising from financing activities

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

	Bank and other borrowings <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>	Amount due to a shareholder <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2023	6,662	42	21,162	27,866
Cash flows	(746)	(1,341)	611	(1,206)
Non-cash changes:				
Addition of rights-of-use assets	–	3,656	–	3,656
Finance costs recognised (<i>note 6</i>)	270	68	–	68
At 31 March 2024 and 1 April 2024	6,186	2,425	21,773	30,384
Cash flows	(1,049)	(1,026)	(2,165)	(3,723)
Non-cash changes:				
Early termination of leases	–	(1,423)	–	(1,423)
Finance costs recognised (<i>note 6</i>)	517	24	–	24
Waiver (<i>note 26(c)</i>)	–	–	(6,000)	(6,000)
At 31 March 2025	5,654	–	13,608	19,262

(c) Major non-cash transaction

During the year ended 31 March 2025, the substantial shareholder of the Company unconditionally waived the amount owed to her, totaling HK\$6,000,000, which has been credited to capital reserves.

During the year ended 31 March 2024, the Company entered sales and purchase agreement with the vendor in relation to the acquisition of an equity investment at consideration of HK\$2,700,000 and settled by issued of 16,500,000 ordinary shares.

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Year ended 31 March 2025

27. RELATED PARTIES TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties:

Key management personnel remuneration

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and other benefits	1,433	1,793
Directors' fees	499	552
Contributions to defined contribution plans	36	36
	<u>1,968</u>	<u>2,381</u>

Further details of the directors' remuneration are set out in note 8 to the consolidated financial statements.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of financial assets at fair value through profit or loss, contingent consideration receivable, financial assets at FVTOCI (unlisted equity investment), trade and other receivables, pledged and restricted bank deposits, bank balances and cash, trade and other payables, bank borrowings, bank and other overdrafts and lease liabilities. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables/payables which arise directly from its business activities.

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28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The accounting policies for financial instruments have been applied to the line items below:

At 31 March 2025

	Financial assets at amortised cost HK\$'000	Equity investment at FVTOCI HK\$'000	Financial assets at FVTPL HK\$'000	Total HK\$'000
Financial assets				
Equity investment at FVTOCI	–	2,625	–	2,625
Trade and other receivables	35,014	–	–	35,014
Bank balances and cash	1,819	–	–	1,819
Total	36,833	2,625	–	39,458

	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Financial liabilities		
Trade and other payables	65,620	65,620
Bank and other borrowings	5,654	5,654
Total	71,274	71,274

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28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

At 31 March 2024

	Financial assets at amortised cost <i>HK\$'000</i>	Equity investment at FVTOCI <i>HK\$'000</i>	Financial assets at FVTPL <i>HK\$'000</i>	Total <i>HK\$'000</i>
Financial assets				
Equity investment at FVTOCI	–	2,700	–	2,700
Trade and other receivables	29,981	–	–	29,981
Contingent consideration receivable	–	–	5,611	5,611
Bank balances and cash	170	–	–	170
Total	30,151	2,700	5,611	38,462
			Financial liabilities at amortised cost <i>HK\$'000</i>	Total <i>HK\$'000</i>
Financial liabilities				
Trade and other payables			71,754	71,754
Bank and other borrowings			6,186	6,186
Lease liabilities			2,425	2,425
Total			80,365	80,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The main risks arising from the Group's financial instruments are credit risk, currency risk, interest rate risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum level as follows:

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to trade and other receivables and contract assets. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation.

Trade receivables and contract assets

The Group trades only with recognised and creditworthy third parties. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits for the customer. The receivable and contract assets balances are monitored on an ongoing basis by the management and the Group's exposure to bad debts is not significant).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At 31 March 2025, the Group had a concentration of credit risk as approximately 53% (2024: approximately 63%) of the total trade debtors and contract assets was due from the Group's largest trade debtor and customer and approximately 76% (2024: approximately 92%) of the total trade debtors and contract assets was due from the Group's five largest trade debtors and customers.

The Group's customer base consists of a wide range of customers and trade receivables and contract assets are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings. Assessment are done 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 conditions at the reporting date as well as the forecast of future conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the exposure to credit risk and ECL for trade debtors and contract assets using a provision matrix and individual basis at 31 March 2025 is summarised as below.

At 31 March 2025

	Expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000	Credit- impaired
Trade receivables					
Not past due	1%	10,262	(95)	10,167	No
Within 30 days overdue	1%	100	(1)	99	No
30 days to one year overdue	N/A	–	–	–	No
One to two years overdue	61%	21,131	(12,814)	8,317	Yes
		<u>31,493</u>	<u>(12,910)</u>	<u>18,583</u>	
Contract assets	36%	<u>61,121</u>	<u>(22,198)</u>	<u>38,923</u>	No

At 31 March 2024

	Expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000	Credit- impaired
Trade receivables					
Not past due	2%	1,732	(27)	1,705	No
Within 30 days overdue	20%	338	(66)	272	No
30 days to one year overdue	3%	6,361	(163)	6,198	No
One to two years overdue	74%	14,921	(10,997)	3,924	Yes
		<u>23,352</u>	<u>(11,253)</u>	<u>12,099</u>	
Contract assets	9%	<u>70,147</u>	<u>(6,597)</u>	<u>63,550</u>	No

Part of the retention receivables which were over 3 years and the trade receivables which were over 1 year past due were all assessed as credit-impaired based on the results of the individual assessments of ECL of these balances, including their respective balances that are less than 1 year past due and not yet due. There are approximately HK\$15,162,000 and HK\$5,900,000 of balances of retention receivable and trade receivables respectively which were individually assessed and determined to be credit-impaired based on its risk characteristics and the remaining balance using a provision matrix.

The expected loss rate are estimated based on provision matrix and individual basis for those amounts included in the factoring agreement being negotiated during the year ended 31 March 2025. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Trade receivables and contract assets (continued)

At the end of the reporting period, the Group recognised an impairment loss of approximately HK\$12,910,000 (2024: HK\$11,253,000) and HK\$22,198,000 (2024: HK\$6,597,000) on the trade debtors and contract assets respectively. The movement in the loss allowance for trade debtors and contract assets respectively during the year is summarised below:

	2025 HK\$'000	2024 HK\$'000
Trade receivables		
At the beginning of the year	11,253	10,695
Increase in allowance	1,657	558
At the end of the year	12,910	11,253
	2025 HK\$'000	2024 HK\$'000
Contract assets		
At the beginning of the year	6,597	3,475
Increase in allowance	15,601	3,122
At the end of the year	22,198	6,597

The Group does not hold any collateral over the trade debtors and contract assets at 31 March 2025 (2024: Nil).

Other receivables

The Group considers that other receivables have low credit risk based on the borrower's strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. No impairment on the other debtors is recognised based on the measurement on 12-month ECL.

In estimating the ECL, the Group has taken into account the financial position of the counterparties by reference to, among others, its management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of the financial asset, as well as the loss upon default. The management of the Group considers the ECL of other debtors to be insignificant after taking into account the financial position and credit quality of the counterparties.

Bank balances and cash

The management considers the credit risk in respect of liquid funds is minimal because the counter-parties are authorised financial institutions with high credit ratings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group operates in Hong Kong, the PRC and Macau and majority of transactions are denominated in HK\$, RMB and MOP. Foreign exchange risk arises from trading transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

As assets and liabilities denominated in RMB and MOP arise mainly from entities with functional currency of RMB and MOP, the Group considers there has no material foreign currency risk exposure in respect of RMB and MOP.

The Group has no significant exposure to foreign exchange rate fluctuations.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to restricted bank deposits, bank balances, bank overdrafts and bank borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed rate pledged bank deposits and time deposits.

The Group's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is attributable to fluctuation of prime rate, LIBOR and HIBOR.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for 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 0.5% increase or decrease in interest rates for bank borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates on bank and other borrowings had been 0.5% (2024: 0.5%) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2024 would increase/decrease by approximately HK\$28,000 (2024: HK\$31,000).

The Group is also exposed to cash flow interest rate risk due to the fluctuation of prevailing market interest rate on bank balances. The Group considered interest rate fluctuation on these bank deposits and balances is insignificant. Accordingly, no sensitivity analysis has been prepared.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

At 31 March 2025

	Weighted average interest rate %	On demand or within 90 days HK\$'000	91 days to 1 year HK\$'000	1 year to 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
Trade and other payables and accruals	-	65,620	-	-	65,620	65,620
Tax payables	-	641	-	-	641	641
Bank borrowings	3.26	318	767	2,990	4,075	3,821
Other borrowings	24.00	1,903	-	-	1,903	1,833
		<u>68,482</u>	<u>767</u>	<u>2,990</u>	<u>72,239</u>	<u>71,915</u>

At 31 March 2024

	Weighted average interest rate %	On demand or within 90 days HK\$'000	91 days to 1 year HK\$'000	1 year to 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
Trade and other payables and accruals	-	71,292	-	-	71,292	71,292
Tax payables	-	822	-	-	822	822
Bank borrowings	3.65	507	1,275	3,761	5,543	5,186
Other borrowings	24.00	1,020	-	-	1,020	1,000
		<u>73,641</u>	<u>1,275</u>	<u>3,761</u>	<u>78,677</u>	<u>78,300</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The amounts repayable under certain bank loan agreements that include a clause that gives the banks unconditional rights to call the loans at any time are classified under the category of “On demand or within 90 days”. However, the management does not expect that the banks would exercise such rights to demand repayment and thus these borrowings, which include the related interest, would be repaid according to the above schedule as set out in the loan agreements.

	2025 HK\$'000	2024 HK\$'000
On demand or within 90 days	2,121	1,412
91 days to 1 year	689	1,231
1 to 5 years	2,844	3,543
	<u>5,654</u>	<u>6,186</u>

29. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group’s financial assets at amortised cost, including rental deposits, trade and other receivables, amount due from non-controlling interest, and cash and cash equivalents; and financial liabilities at amortised cost, including trade and other payables, amount due to a shareholder, amounts due to non-controlling interests, borrowings and bonds payable, approximate their fair values. The fair value of these financial assets and financial liabilities that are not traded in an active market is determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflect the credit risk of counterparties.

The carrying amounts of financial instruments measured at fair value at the end of the reporting period are categorised among the three levels of the fair value hierarchy defined in HKFRS 13 “Fair value measurement”, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

29. FAIR VALUE MEASUREMENTS (continued)

(a) Assets and liabilities measured at fair value

	Level 3	
	2025	2024
	HK\$'000	HK\$'000
Assets measured at fair value		
Financial assets at FVTPL	–	5,611
Equity investment at FVTOCI	2,625	2,700

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 fair value measurements.

Movements during the year of the financial assets FVTPL are as follows:

	Level 3	
	2025	2024
	HK\$'000	HK\$'000
At beginning of the year	5,611	4,138
Change in fair value	(5,611)	1,473
At end of the year	–	5,611

The fair value of contingent consideration receivable was determined with reference to Market Approach to arrive at the BEV of the Company as at the date of valuation, then the management adopted the Consideration as at the date of acquisition and then subtracts the BEV which gives the figure of Goodwill of the Company as at the date of valuation. The balance of Consideration and Goodwill of the Company is then the Contingent Consideration Receivable Value of the Company.

Movements during the year of the financial assets FVTOCI are as follows:

	2025	2024
	HK\$'000	HK\$'000
At beginning of the year	2,700	2,700
Change in fair value	(75)	–
At end of the year	2,625	2,700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

29. FAIR VALUE MEASUREMENTS (continued)

(a) Assets and liabilities measured at fair value (continued)

As at 31 March 2025, the fair value of equity investment was determined with reference to Income Approach to arrive at the valuation multiples having business and business model similar to the company as at the date of valuation, then apply a discount for lack of marketability ("DLOM") to the financial data of the Company as at the date of valuation to arrive at its fair value.

Information about level 3 fair value measurements

	Carrying amount HK\$'000	Valuation techniques	Significant unobservable input	Range of unobservable inputs	Relation of significant unobservable inputs to fair value
As at 31 March 2025					
Financial assets at FVTOCI	2,625	Income approach*	Price earnings ratio ("PE ratio")	4–39	The higher PE ratio, the higher fair value of the investment, and vice versa
			DLOM	20%	The higher DLOM, the lower fair value of the investment, and vice versa
As at 31 March 2024					
Financial assets at FVTPL – contingent consideration receivable	5,611	Market approach	Recent transaction price	N/A	Increase in transaction price, increase the fair value, and vice versa
Financial assets at FVTOCI	2,700	Discounted cash flow	Long-term growth rate	3%	The higher long-term growth rate, the higher fair value of the investment, and vice versa
			Discount rate	13.70%	The higher discount rate, the lower fair value of the investment, and vice versa

* The valuation technique changed from discounted cash flow to income approach during the year ended 31 March 2025.

(b) Assets and liabilities with fair value disclosure, but not measured at fair value

All other financial assets and financial liabilities measured at amortised cost are carried at amounts not materially different from their fair values at 31 March 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

30. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The capital structure of the Group consists of (i) cash and cash equivalents; (ii) debts; and (iii) capital, which comprises all components of equity.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of debt and cost of capital. Based on the recommendation of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

The Group also monitors its capital structure on the basis of gearing ratio. There have been no changes in the Group's approach to capital management during the years ended 31 March 2025 and 2024.

The externally imposed capital requirements for the Group is in order to maintain its listing on the Stock Exchange it has to have a public float at least 25% of the shares. The Group receives a report from the share registrars showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

31. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking facilities and performance bonds issued by an insurance company granted to the Group at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Pledged deposits to an insurance company	158	158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Equity investment at FVTOCI		2,625	2,700
Investment in subsidiaries		1,355	14,355
		3,980	17,055
Current assets			
Amounts due from subsidiaries		18,422	18,753
Current liabilities			
Other borrowings		1,833	1,000
Accruals		390	18
Amounts due to subsidiaries		15,092	23,400
		17,315	24,418
Net current assets/(liabilities)		1,107	(5,665)
NET ASSETS		5,087	11,390
Capital and reserves			
Share capital	23	42,193	30,951
Reserves (note)		(37,106)	(19,561)
TOTAL EQUITY		5,087	11,390

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 7 July 2025 and are signed on its behalf by:

Mr. Ng Wan Lok
Director

Ms. Wong Wing Hung
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

Movements of the reserves

	Share premium HK\$'000	Share option reserve HK\$'000	Fair value reserve (non-recycling) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2023	89,473	2,016	–	(72,409)	19,080
Issue of shares under rights issue	9,767	–	–	–	9,767
Issue of shares for acquisition of an equity investment	1,050	–	–	–	1,050
Share issue expenses	(1,204)	–	–	–	(1,204)
Loss for the year and total comprehensive expense for the year	–	–	–	(48,254)	(48,254)
At 31 March 2024 and 1 April 2024	99,086	2,016	–	(120,663)	(19,561)
Issue of shares under specific mandate for debt capitalisation	(3,308)	–	–	–	(3,308)
Loss for the year and total comprehensive expense for the year	–	–	(75)	(14,162)	(14,237)
At 31 March 2025	95,778	2,016	(75)	(134,825)	(37,106)

33. ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2024

On 5 June 2023, the Group acquired 100% of the equity interest in Shenzhen Jin Kai Culture Communication Company Limited (“Shenzhen Jin Kai”) for a consideration of RMB1 (equivalent to HK\$1). Shenzhen Jin Kai is principally engaged in the development, leasing and management of properties located in the PRC.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of Shenzhen Jin Kai for the period from the acquisition date.

Consideration transferred

HK\$'000

Consideration paid

–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

33. ACQUISITION OF SUBSIDIARIES (continued)

For the year ended 31 March 2024 (continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

Assets acquired and liabilities recognised at the date of acquisition	HK\$'000
Property, plant and equipment	3
Prepayments, deposits and other receivables	78
Other payables and accruals	(480)
	<u>(399)</u>

Impact of acquisition on the results of the Group included in the revenue and loss for the year ended 31 March 2024 is revenue and loss of approximately HK\$Nil and HK\$1,025,000 respectively attributable to Shenzhen Jin Kai.

Had the acquisition of Shenzhen Jin Kai been effected at the beginning of the year ended 31 March 2024, the revenue of the Group for that year would have been approximately HK\$Nil, and the loss for that year would have been approximately HK\$623,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year ended 31 March 2024, nor is it intended to be a projection of future results.

Goodwill arising on acquisition	HK\$'000
Consideration transferred	–
Less: Net liabilities acquired	<u>399</u>
Goodwill arising on acquisition	<u>399</u>

Goodwill arose in the acquisition of Shenzhen Jin Kai as the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of widen source of revenue and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the above acquisition is not expected to be deductible for tax purposes.

Net cash inflow on acquisition of Shenzhen Jin Kai	HK\$'000
Cash and cash equivalent acquired	–
Less: Cash transferred	<u>–</u>
	<u>–</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

34. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) *Share premium*

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) *Share option reserve*

Share option reserve arises on the grant of share option to eligible participants under the Scheme. Further information about share-based payments is set out in note 25 to the consolidated financial statements.

(iii) *Other reserve*

Other reserve represents the Group's aggregate amount of the issued share capital of the entities comprising the Group less consideration paid to acquire the relevant interests (if any) in relation to the reorganisation carried out in preparation for the initial listing of the Company's shares.

(iv) *Capital reserve*

Capital reserve represents the waiver of amount due to a substantial shareholder.

(v) *Fair value reserve (non-recycling)*

Fair value reserve (non-recycling) comprises the cumulative net change in the fair value of investment in equity instruments at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 2 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at the end of the reporting period are as follows:

		Issued and fully paid share capital/ quota capital	Attributable equity interest held by the Company		Principal activities and place of operation
Name of subsidiary	Place and date of incorporation/ establishment		2025	2024	
Directly held by the Company					
Best Innovation (Hong Kong) Holdings Company Limited	Samoa, 19 January 2016	US\$1,000,000	100%	100%	Investment holding, Hong Kong
Best Innovation Holdings Company Limited	Samoa, 16 December 2015	US\$1,000,000	100%	100%	Investment holding, Hong Kong
City Key Group Limited	BVI, 28 February 2022	US\$1	100%	100%	Investment holding, Hong Kong
Future Pop Limited	BVI, 16 October 2017	US\$1	100%	100%	Investment holding, Hong Kong
Harmony Asia Holdings Company Limited	Samoa, 16 December 2015	US\$1,000,000	100%	100%	Investment holding, Hong Kong
Mighty Trend International Holdings Limited [#]	BVI, 20 April 2022	US\$1	100%	100%	Investment holding, Hong Kong
Indirectly held by the Company					
Best Innovation Limited	Hong Kong, 15 September 2009	HK\$100,000	100%	100%	Provision of design, procurement and installation service of water circulation system, Hong Kong
Best Innovation Limited	Macau, 17 September 2014	MOP25,000	100%	100%	Provision of design, procurement and installation service of water circulation system, Macau

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ quota capital	Attributable equity interest held by the Company		Principal activities and place of operation
			2025	2024	
Harmony Asia Limited	Hong Kong, 3 November 2006	HK\$200,000	100%	100%	Provision of design, procurement and installation service of water circulation system, Hong Kong
Jiayou (Beijing) Commercial and Trading Limited*	PRC, 30 July 2021	RMB50,000,000	51%	51%	Provision of engineering, procurement and construction management services of commercial and residential infrastructures in PRC
Guangdong Haobai Construction Engineering Co., Ltd.**	PRC, 12 August 2022	RMB10,000,000	100%	0%	Provision of engineering, procurement and construction management services of commercial and residential infrastructures in PRC
Xiamen Ying Hui Investment Holding Company Limited*	PRC, 8 March 2023	RMB500,000	100%	100%	Investment Holding, PRC
Shenzhen Jin Kai Culture Communication Company Limited*	PRC, 6 July 2021	RMB15,000,000	100%	100%	Provision of construction management services

This subsidiary was newly acquired during the year ended 31 March 2025.

* For identification purpose only.

All of the above subsidiaries are limited liability companies. None of the subsidiaries had issued any debt securities during the year or at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

36. EVENTS AFTER THE REPORTING PERIOD

(a) Issue of New Shares under Specific Mandate for Debt Capitalisation

On 18 February 2025, the Company and Ms. Leung Yan Fan Youki, Ms. Hui Lai Ngar and Mr. Lam Chi Yin Henry, entered into the Agreements, pursuant to which, subject to fulfilment of the conditions thereof, the Company has agreed to allot and issue, and these creditors have conditionally agreed to subscribe for a total of 33,000,000 Capitalisation Shares at the price of HK\$0.12 per Share in settlement of the Partial Indebted Sum of approximately HK\$3,960,000.

Issue of new shares under specific mandate for debt capitalisation was approved by the Shareholders of the Company at the extraordinary general meeting on 7 April 2025 and became effective on 16 April 2025. A total of 33,000,000 Capitalisation Shares were successfully allotted and issued to these creditors at the Subscription Price of HK\$0.12 per Capitalisation Share.

(b) Capital Reorganisation

On 24 February 2025, the Board proposed to implement the Capital Reorganisation which will involve:

- (i) Share Consolidation – The Share Consolidation will involve a consolidation of every ten (10) issued and unissued Existing Shares of par value of HK\$0.1 each into one (1) Consolidated Share of par value of HK\$1 each.
- (ii) Capital Reduction – Immediately upon the Share Consolidation becoming effective, the Capital Reduction will involve a reduction of the par value of each issued Consolidated Share from HK\$1 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the then issued Consolidated Shares. In addition, any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation will be cancelled.
- (iii) Share Sub-division – Immediately following the Share Consolidation and the Capital Reduction becoming effective, each of the authorised but unissued Consolidated Share (including those authorised unissued Consolidated Shares arising from the Capital Reduction) will be sub-divided into one hundred (100) New Shares of par value of HK\$0.01 each.
- (iv) The Share Consolidation has become effective on 29 April 2025.

(c) Factoring Agreement

On 27 June 2025, the Company entered into the Factoring Agreement with KNT GT Limited, pursuant to which the Company agreed to sell and KNT GT Limited agreed to acquire the Retention Receivables and Trade Receivables on a non recourse basis, with a factoring principal amount up to HK\$18,000,000. Please refer to the announcement of the Company dated 27 June 2025 for further information.

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 7 July 2025.

FINANCIAL SUMMARY

For the five years ended 31 March 2021, 2022, 2023, 2024 and 2025

Set out below is a summary of the results and a statement of net assets of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate.

RESULTS

	2025 HK\$'000	For the year ended 31 March			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Consolidated results					
Revenue	24,505	21,884	15,596	6,458	26,594
Gross profit	8,682	5,446	3,487	1,615	2,359
Loss before tax	(18,928)	(10,026)	(33,163)	(30,430)	(28,935)
Loss and total comprehensive expenses for the year	(19,394)	(10,726)	(33,207)	(30,430)	(28,935)

ASSETS AND LIABILITIES

	2025 HK\$'000	As at 31 March			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Consolidated assets and liabilities					
Total assets	81,085	107,168	84,138	73,340	117,602
Total liabilities	(75,098)	(95,778)	(83,252)	(56,272)	(70,104)
Net assets	5,987	11,390	886	17,068	47,498