DAISHO MICROLINE HOLDINGS LIMITED

大 昌 微 綫 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

Stock Code : 0567

ANNUAL REPORT 2023/2024

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CORPORATE INFORMATION AND FINANCIAL CALENDAR

Board of Directors

Executive director

Mr. Lee Man Kwong *(Chairman)*

Non-executive directors

Mr. Yau Pak Yue
Mr. Wong Siu Hung, Patrick *(Redesignated on 1 April 2024)*

Independent non-executive directors

Mr. Leung King Fai
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming

Audit Committee

Mr. Leung King Fai *(Chairman)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming
Mr. Yau Pak Yue

Remuneration Committee

Mr. Leung King Fai *(Chairman)*
Mr. Lee Man Kwong
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming

Nomination Committee

Mr. Lee Man Kwong *(Chairman)*
Mr. Leung King Fai
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming

Company Secretary

Mr. Ng Yu Ho

Principal Bankers

Bank of China Limited
Bank of Communications Co., Ltd.
China Merchants Bank Co., Ltd.
Chiyu Bank Corporation Limited
Nanyang Commercial Bank, Limited
OCBC Bank (Hong Kong) Limited
CMB Wing Lung Bank Limited

Auditor

Mazars CPA Limited
Certified Public Accountants
42nd Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Legal Adviser as to Hong Kong Law

Michael Li & Co.

Legal Adviser as to Bermuda Law

Appleby

Registered Office

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Head Office and Principal Place of Business

Unit A, 10/F
Fook Hing Industrial Building
33 Lee Chung Street
Chai Wan, Hong Kong

Principal Registrar

MUFG Fund Services (Bermuda) Limited
4th floor North, Cedar House
41 Cedar Avenue
Hamilton, HM 12
Bermuda

Branch Registrar in Hong Kong

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

Stock Code

0567

Company Website

www.irasia.com/listco/hk/daisho

Financial Calendar

Interim Results:
24 November 2023

Annual Results:
25 June 2024

Annual General Meeting

20 September 2024

Dividends

Interim dividend:	Nil
Proposed final dividend:	Nil

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Daisho Microline Holdings Limited (the "Company"), it is my pleasure to present to you the annual report of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2024 (the "Year").

The global economic recovery is sluggish as consequent to the adverse impacts from the COVID-19 pandemic, geopolitical conflict and surge in inflation. According to World Economic Outlook Report April 2024, the global growth is projected to be at 3.2 percent in 2024 and 2025, remained steady but slow. Although the national anti-epidemic measures have been relieved since the end of year 2022, the recovery in China's economy is slower than initially expected. We expect our business will still be under pressure and face uncertainty.

Printed Circuit Boards Business Segment

The Group's Printed Circuit Boards Business is principally engaged in the manufacturing and trading of printed circuit boards (the "PCB"). The PCB products are mainly applied in smart living buildings, automobile, consumer electronics and cloud computing. With 20 years of experience in the electronic technology industry, this business segment has developed an experienced technical team and a quality control team. In future, the popularity of new energy vehicles and digital technology will bring more opportunities to the market.

During the Year, the global financial instability led to consumers' cautious spending behavior, resulting in dampened downstream demand for the PCB related products. The Group will continue to implement cost control measures such as supplier management, and leverage its technical expertise to develop the high technology business. With the gradual recovery of the global economy, hopefully this business segment will continue to improve in the near future.

Printing Business Segment

The Group's Printing Business is principally engaged in the manufacturing and trading of printing and packaging products. This business segment developed a close relationship with the customer and is capable of provision of high-quality printing and packaging products which suit to the unique requirements from the customers. During the Year, the business remained resilient and maintained high operating performance despite the contracted downstream demand and intense competition in the industry arising from the weak global economy.

The Group will continue to expand the customer base and product mix, and implement cost control measures, such as suppliers' evaluation and optimization of the inventory management. With the steady global economic recovery, we hope this business segment will continue to improve.

Trading of Petroleum and Energy Products and Related Business Segment

The global demand for energy products remained stable during the Year. The international crude oil prices dropped and fluctuated widely at medium and high level. It is foreseen that the global commodity demand will gradually increase. Although the Group's petroleum trading business is currently suspended, the Group is actively seeking for trading opportunities with reliable trading partners in commodity and energy related products.

Other Investments

The Group has subscribed the shares of a joint venture and provided a shareholder's loan for the purpose of subscribing a special purpose fund or making other investments as agreed with the joint venture partners. The Group believes that it can present an investment opportunity to maximise return on the Group's funds which in turn will bring positive impact to the Group's financial position and diversify its business and sources of income.

Business Outlook

Looking forward, the Group will adopt measures and strive to remain resilient under the globally complex economic environment. The Group will act accordingly, adjusting the operating strategies and seizing the market opportunities to strengthen our business, with a view to maximizing the shareholders' value.

On behalf of the Board, I would like to express my sincere appreciation to all of our staff, shareholders, business partners, and customers for their continuous support.

Lee Man Kwong
Chairman

Hong Kong 25 June 2024

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Executive Director

Lee Man Kwong, aged 69, has been appointed as the Chairman of the board of directors of the Company since 16 October 2020. He has been redesignated as an executive Director of the Company since 1 June 2018. He was appointed as an independent non-executive Director of the Company on 14 December 2016 and re-designated as a non-executive Director of the Company on 1 March 2017. Mr. Lee has been appointed as the Chairman of the Board, a member of the Remuneration Committee of the Company and the Chairman of the Nomination Committee of the Company since 16 October 2020. Mr. Lee is also a director of various subsidiaries of the Company. He was admitted as a solicitor in Hong Kong in 1983, and is also a solicitor qualified in England and Wales and Singapore. Mr. Lee is the senior partner of Messrs. Chan, Lau & Wai, Solicitors, a Hong Kong law firm established in 1980. Mr. Lee was an executive director of CCT Fortis Holdings Limited (stock code: 138) from 1996 to 1997, an independent non-executive director of Mei Ah Entertainment Group Limited (stock code: 391) from 1993 to 2004, an independent non-executive director of Uni-Bio Science Group Limited (stock code: 690) from 2001 to 2005, an independent non-executive director of Asia Standard Hotel Group Limited (stock code: 292) from 2000 to 2003, the chairman and executive director of Neo Telemedia Limited (stock code: 8167) from 2004 to 2007, and an executive director of Sau San Tong Holdings Limited (stock code: 8200) from 2006 to 2008.

Non-Executive Directors

Yau Pak Yue, aged 55, has been appointed as a non-executive director and a member of the Audit Committee of the Company since 3 September 2020. He obtained his Bachelor of Commerce (majoring in Accountancy) from the University of Wollongong in Australia. He was the chief knowledge officer of Guangzhou Chengfa Capital Company Limited, a state-owned fund management company, from May 2015 to January 2017. Prior to that, he was a partner at one of the big four international accounting firms from 2005 to 2012. He has more than 30 years of experience in mergers and acquisitions transaction supports and financial due diligence. Mr. Yau is currently the director of Ewin Advisory Company Limited.

Mr. Yau is also a certified public accountant in Hong Kong and a fellow certified practising accountant in Australia. He currently served as an independent non-executive director of Domaine Power Holdings Limited (formerly known as Hifood Group Holdings Co., Limited), a company listed on the Main Board of the Stock Exchange (stock code: 442), an independent non-executive director of Xinhua News Media Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 309) and an independent non-executive director of Jiayuan International Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2768, listing status: in liquidation). He was appointed as the independent non-executive director of Jiayuan International Group Limited (In liquidation) in June 2024 by the liquidators to assist the company in the implementation of its restructuring plan. There was no wrongful act or mismanagement on his part leading to the liquidation of this company. Mr. Yau was an independent non-executive director of KEE Holdings Company Limited (currently renamed as China Apex Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 2011) from July 2017 to November 2019, Ascent International Holdings Limited (currently renamed as China International Development Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 264) from September 2017 to August 2018 and Fullsun International Holdings Group Co., Limited (currently renamed as Japan Kyosei Group Company Limited), a company listed on the Main Board of the Stock Exchange (stock code: 627) from December 2020 to July 2023. Mr. Yau was an executive director of Freeman FinTech Corporation Limited (currently renamed as Arta TechFin Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 279) from July 2020 to October 2021. Mr. Yau was a non-executive director of Peking University Resources (Holdings) Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 618) from October 2021 to December 2021, and a non-executive director of DreamEast Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 593) from July 2023 to January 2024.

Wong Siu Hung, Patrick, aged 68, has been appointed as a non-executive director since 1 April 2024. Mr. Wong was redesignated from an executive Director to a non-executive Director with effect from 1 April 2024 and has resigned from his position of chief operating officer of the Company at the same time.

Mr. Wong was appointed as an executive director of the Company from 3 September 2020 to 1 April 2024 and a chief operating officer of the Company from October 2019 to April 2024. Mr. Wong has more than 40 years of working experience in banking, finance, commodity trading and project development.

Mr. Wong has been a non-executive director and authorised representative of Huscoke Holdings Limited (stock code: 704) since 9 April 2018 and an independent non-executive director of Yuan Heng Gas Holdings Limited (Stock Code: 332) since 26 September 2023. Mr. Wong was appointed as an independent non-executive director of Crown International Corporation Limited (stock code: 727) between March 2021 and March 2022. Mr. Wong was appointed as an executive director of FDG Kinetic Limited (stock code: 378, which was delisted from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 20 February 2023), between April 2021 to February 2023. Mr. Wong was also an executive director of Winto Group (Holdings) Limited (stock code: 8238) between April 2019 and November 2019 and Titan Petrochemicals Group Limited (stock code: 1192, which was delisted from the Stock Exchange with effect from 23 August 2023) between May 2008 and September 2015. All of the above companies are/were listed on the Main Board and GEM Board of the Stock Exchange. Mr. Wong is also a director of various subsidiaries of the Company.

Mr. Wong was the senior vice president of Commodity and Trade Finance at Societe Generale Singapore and the chief executive officer in the China Division of Louis Dreyfus Group, a global commodity trading firm.

Mr. Wong is an associate member of The Chartered Institute of Bankers, United Kingdom (now renamed to London Institute of Banking & Finance), fellow member of the Hong Kong Institute of Directors since 1 April 2017 and member of The Institute of Management Consultants Hong Kong since 1 August of the same year and qualified as Certified Management Consultant. Mr. Wong holds a Master's degree in Applied Finance from Macquarie University, Australia and completed the Executive Diploma in Management Consulting from The Hong Kong Polytechnic University on 12 October 2017.

Independent Non-Executive Directors

Leung King Fai, aged 52, has been an independent non-executive Director since 9 June 2015. He has been appointed as a member of the Nomination Committee with effect from 9 June 2015 and the chairman of the Audit Committee of the Company with effect from 2 April 2016 and the chairman of the Remuneration Committee of the Company with effect from 12 December 2016. Mr. Leung graduated from the Deakin University with a Bachelor degree in Commerce in 1996. He is a member of the Hong Kong Institute of Certified Public Accountants, CPA Australia and Chartered Institute of Management Accountants. He has extensive experience in accounting, audit and finance.

He is also an independent director of Planet Green Holdings Corp. (stock code: PLAG), a company listed on New York Stock Exchange (NYSE) since 1 July 2019.

Chan Yau Ching, Bob, aged 61, has been an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company since 3 September 2018. He is a holder of a Doctorate degree in Finance. Dr. Chan graduated from the Chinese University of Hong Kong and obtained a Bachelor's degree in Business Administration in 1984. He further obtained a Master degree in Business Administration from the University of Wisconsin Madison, the United States of America ("US") in 1986, and a Doctorate degree in Finance from Purdue University, US in 1994. Dr. Chan is a member of the Chartered Financial Analyst Institution and the Hong Kong Society of Financial Analysts.

Since April 2009, Dr. Chan has been a licenced representative/responsible officer engaging in type 4 (advising of securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

Dr. Chan was appointed as an executive director and the chief strategic officer of Celestial Asia Securities Holdings Limited (stock code: 1049) from August 2002 to February 2005, and later as the investment director from November 2005 to July 2010, where he was mainly responsible for strategic investment projects and asset management.

Dr. Chan was appointed as a managing director of Carnival Group International Holdings Limited (stock code: 996, formerly known as Pricerite Group Limited, which was delisted from the Stock Exchange with effect from 7 December 2023) from November 2003 to November 2004, which primarily engaged in the retail of furniture and household products. During 2005 to 2007, Dr. Chan was appointed as the chief financial officer of Moli Group Limited (摩力集團有限公司), Shanghai, the People's Republic of China (a wholly-owned subsidiary of Celestial Asia Securities Holdings Limited), which was a developer, operator and distributor of online games, where he was mainly responsible for building accounting, finance and control procedures and policies and in charge of the human resources. Dr. Chan was later appointed as the chief executive officer of Moli Group Limited from July 2010 to October 2012, where he was mainly responsible for the re-focusing of the company's business covering online and mobile entertainment.

Dr. Chan was appointed as the deputy chief executive officer and an executive director of Celestial Asia Securities Holdings Limited from October 2012 to August 2013, and later as the director of investments and corporate development from August to November 2013, where he was mainly responsible for the overall business development and the design and development of algorithm trading strategies respectively.

Since January 2002, Dr. Chan has been appointed as an independent non-executive director of Lee's Pharmaceutical Holdings Limited (stock code: 950), which principally engaged in the research, development, manufacturing and distribution of biopharmaceutical drugs in China.

Since March 2014, Dr. Chan has been appointed as a managing director of KBR Capital Limited, where he is mainly responsible for asset management, advising on capital market transactions and investment management. Dr. Chan is currently a managing director and a responsible officer of KBR Fund Management Limited, which is a licenced corporation carrying out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

Since December 2016, Dr. Chan has been appointed as an independent non-executive director of China High Speed Transmission Equipment Group Company Limited (stock code: 658), which principally engaged in the design, manufacturing and distribution of transmission systems for wind powered generators with customers globally.

Dr. Chan has been appointed as an independent director of Hangzhou Huaxing Chuangye Communication Technology Co., Ltd. (杭州華星創業通信技術股份有限公司) (stock code: 300025) from December 2018 to December 2020, the shares of which are listed on ChiNext of the Shenzhen Stock Exchange.

Leung Hoi Ming, aged 56, has been appointed as an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company since 30 April 2021. He has extensive knowledge and experience in risk management of financial instruments, treasury business and financial derivative products. He has served DBS Bank Ltd for eight years and was Senior Vice President in the Treasury and Markets Division upon his departure from the bank on 22 May 2009. Dr. Leung started his career in the finance industry in 1996 with Citibank as quantitative analyst in the Equity Derivatives Asia Department. He had served a few other financial institutes before joining DBS Bank Ltd as a financial product specialist as well and had held various roles in business development, trading and risk management.

Dr. Leung holds a Bachelor (First Class Honours) degree of Science from the Chinese University of Hong Kong in 1990. Also, he holds a Master degree of Science in Mathematics in 1993 and a Doctor degree of Philosophy in Mathematics in 1996 both from the California Institute of Technology, and a Master degree of Science in Investment Management from the Hong Kong University of Science and Technology in 1999.

He is currently an independent non-executive director of Yuan Heng Gas Holdings Limited (stock code: 332) since 19 January 2010. Dr. Leung was an independent non-executive director of Fresh Express Delivery Holdings Group Co., Limited (stock code: 1175) from July 2013 to December 2021.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B)(1) of the Listing Rules, the changes in information of Directors, as notified to the Company, for the year ended 31 March 2024 and up to the date of this report are set out below:

Directors	Details of Changes
Wong Siu Hung, Patrick	With effect from 26 September 2023, appointed as an independent non-executive director of Yuan Heng Gas Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 332)
	With effect from 1 April 2024, redesignated from an executive Director to a non-executive Director and has resigned from his position of chief operating officer of the Company at the same time
Yau Pak Yue	With effect from 3 July 2023, appointed as a non-executive director of DreamEast Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 593)
	With effect from 26 July 2023, ceased to be an independent non-executive director of Fullsun International Holdings Group Co., Limited (currently renamed as Japan Kyosei Group Company Limited), a company listed on the Main Board of the Stock Exchange (stock code: 627)
	With effect from 15 January 2024, ceased to be a non-executive director of DreamEast Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 593)
	With effect from 3 June 2024, appointed as an independent non-executive director of Jiayuan International Group Limited (stock code: 2768, listing status: in liquidation)

Save as disclosed above, there is no change in Directors' information required to be disclosed.

Senior Management

Ou Zhong, aged 48, is the chief executive officer of a major subsidiary of the Company in Mainland China. He graduated from Guangdong University of Technology in Mainland China with a bachelor's degree in automation. Mr. Ou is a senior manager in the electronic technology industry and possesses more than 21 years of experience in the fields of corporate operations management, research and development of electronic products and market development. He has held senior positions in a number of state-owned enterprises and has a remarkable track record. He joined the Group in June 2017.

Ye Xian Bang, aged 53, is the production manager of a major subsidiary of the Company in Mainland China. He graduated from Huizhou University with a Bachelor's degree. He possesses more than 11 years of experience in the printing and packaging industry and has held senior management positions in a number of large Hong Kong-owned enterprises. He joined the Group in September 2013.

* *For identification purpose only.*

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

During the Year, the Group's total revenue was approximately HK$85.6 million, representing an increase of approximately 2.1% as compared with approximately HK$83.8 million for the last year. The increase in total revenue was mainly due to (i) the increase in revenue by approximately HK$6.0 million of the manufacturing and trading of printing and packaging products business (the "Printing Business") from approximately HK$53.0 million for the last year to approximately HK$59.0 million this year; netoff with (ii) the decrease in revenue by approximately HK$4.3 million of the manufacturing and trading of printed circuit boards (the "PCB") business from approximately HK$30.8 million for the last year to approximately HK$26.5 million this year.

Due to the suspension of the Group's trading of petroleum and energy products and related business, there has been no revenue generated from this business segment since 2019. The business segment didn't record any segment gain/loss this year as compared to the segment loss of approximately HK$0.1 million for the last year.

The Group recorded a revenue of approximately HK$26.5 million from the PCB business during the year, representing a decrease of 14.0% as compared with the revenue of approximately HK$30.8 million in last year. The decrease in revenue was mainly due to the decrease in customers' demand arised from the slow global economic recovery and keen competition in the industry. The Group's PCB business recorded a segment loss of approximately HK$2.9 million as compared with the segment loss of approximately HK$0.1 million for the last year. Such increase in segment loss was mainly attributable to (i) the decrease in gross profit for this business by approximately HK$1.3 million as a result of the decrease in revenue as above mentioned, and (ii) the increase in staff costs by approximately HK$0.7 million for the new office established in Singapore this year.

During the Year, the gross profit margin for the Group's Printing Business was approximately 18.8% as compared with approximately 17.4% for the last year. Such increase in gross profit margin was mainly due to the cost control measures implemented by the business segment during the Year such as staff costs saving. The Group's Printing Business recorded a segment gain of approximately HK$2.1 million as compared with a segment loss of approximately of HK$0.8 million in last year. The increase in segment result with turnaround was mainly due to (i) the increase in gross profit for this business by approximately HK$1.9 million; and (ii) the decrease in selling and distribution expenses by approximately HK$1.4 million.

During the years ended 31 March 2024 and 2023, upon the completion of subscription of Noricap Fund on 13 September 2022 by the Group, Noricap Fund is yet to commence its business in subscription and management of SP Fund as the establishment of SP Fund is still under progress. Details are set out under the sub-headed section "Investments in Funds Business Segment" under "Outlook" below.

As a result of aforementioned factors, the Group's gross profit margin was approximately 20.7%, representing an increase as compared with approximately 19.1% in last year.

The Group recorded a total net loss of approximately HK$11.9 million for the Year as compared to the total net loss of approximately HK$26.0 million for the last year. The decrease in the net loss for the Year was mainly due to the following factors: (1) the Group recorded a loss on de-consolidation of a subsidiary of approximately HK$16.2 million for the last year, while no such loss was recorded during the Year, details of which are set out in Note 26(a) to the consolidated financial statements; (2) the Group's gross profit increased to approximately HK$17.7 million, representing an increase of approximately HK$1.7 million as compared with approximately HK$16.0 million in last year; (3) there was a gain on deregistration of subsidiaries of approximately HK$2.1 million for the last year, while no such gain was recorded during the Year, details of which are set out in Note 26(b) to the consolidated financial statements; and (4) the Group has recorded an impairment loss of loan to a joint venture of approximately HK$1.1 million during the Year, details of which are set out in Note 14 to the consolidated financial statements.

The Group's equity attributable to the owners of the Company decreased from approximately HK$105.9 million as at 31 March 2023 to approximately HK$93.8 million as at 31 March 2024, which was due to the reported loss for the Year.

The Group's gearing ratio (defined as interest-bearing borrowings and lease liabilities, divided by total capital) as at 31 March 2024 was 0.3% (2023: 1.0%). The decrease in the gearing ratio was mainly due to the decrease in lease liabilities by approximately HK$0.8 million. The Group's current ratio (defined as total current assets divided by total current liabilities) as at 31 March 2024 and 2023 was 2.50 times and 2.47 times, respectively.

As at 31 March 2024, the Group's total cash and bank balances were approximately HK$37.6 million (2023: approximately HK$49.6 million). The Group did not have any interest-bearing borrowings as at 31 March 2024 (2023: Nil).

Foreign Exchange Exposure

The Group's transaction and monetary assets are principally denominated in RMB, HKD and USD. The Group did not experience any difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the Year. The Group did not enter into any foreign exchange derivative contract to manage the currency translation risk of RMB against USD, USD against HKD during the Year, but the Group reviews its foreign exchange exposure regularly and considers using financial instruments to hedge against foreign exchange exposure at appropriate time.

Litigations

Except for those disclosed litigations as set out in Note 31 to the consolidated financial statements, the Group is not a party to any other significant legal proceedings.

Contingent Liabilities

As at 31 March 2024, the Group did not have any material contingent liabilities and outstanding facilities (2023: Nil).

Capital Commitments

As at 31 March 2024, the Group had no capital commitments (2023: Nil).

Pledge of Assets

There were no borrowings secured by assets of the Group as at 31 March 2024 (2023: Nil).

Employees and Remuneration Policy

As at 31 March 2024, the Group had 263 (2023: 290) employees, including the Directors, working mainly in Hong Kong and the PRC. For the Year, the Group's total staff costs including directors' emoluments were approximately HK$29.2 million (2023: approximately HK$33.9 million).

The Group actively recruits skilled and qualified personnel in local markets through various channels, such as internal referrals and advertisement on the internet. The Group believes that employees are important assets to the Group and the core of its competitive advantage. Therefore, we are dedicated to improving our employment system in order to attract, cultivate and retain talents and believe that this will contribute significantly to the Group's success. It provides competitive remuneration packages and fringe benefits, including basic salary, different types of leave (annual, sick, maternity, funeral, injury and breast-feeding), insurance, housing provident fund, allowance, subsidy and bonus to its employees.

The Company has also adopted a share option scheme as an incentive to, inter alia, the Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" below.

Under the applicable PRC laws and regulations, the Group is subject to social insurance contribution plans. The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all employees in Hong Kong.

The Group believes that development and training are crucial for employees to discharge their duties more effectively and efficiently. To nurture talents and support continuous development of employees, the Group has established the "Training Management Policy" in its "Employee Handbook" to regulate the processes of training planning, preparation, execution, evaluation and feedback.

Share Option Scheme

A share option scheme (the "Share Option Scheme") was approved and adopted by the passing of an ordinary resolution at a special general meeting of the Company held on 22 November 2016 (the "Date of Adoption") and further approved by the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 June 2017, under which, options may be granted by the Company to any eligible participants (including executive, non-executive and independent non-executive Directors) to subscribe for shares of the Company, subject to the terms and conditions as stipulated in Share Option Scheme. The Share Option Scheme shall be valid and effective for a period of 10 years after the Date of Adoption. An option must be exercised within 10 years from the date on which it is granted or such shorter period as the Board may specify at the time of grant. An offer of grant of an option may be accepted by an eligible person within 28 days from the date of the offer of grant of the option.

The scheme mandate limit under the Share Option Scheme was refreshed by the passing of an ordinary resolution at the annual general meeting of the Company held on 23 September 2022 (the "2022 AGM"), following which the maximum number of shares that may be issued by the Company upon exercise of all the share options granted under the Share Option Scheme is 161,328,757 shares of the Company, representing 10% of the total number of issued shares of the Company as at the date of the 2022 AGM. The details of the refreshment of the scheme mandate limit under the Share Option Scheme are set out in the circular of the Company dated 27 July 2022.

During the Year and the year ended 31 March 2023, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme. As at 31 March 2024, there were no outstanding share options under the Share Option Scheme.

As at 31 March 2024 and up to the date of this report, the total number of share options available for grant by the Company under the Share Option Scheme was 161,328,757, representing 10% of the shares of the Company in issue.

Final Dividend

The Board does not recommend the payment of a final dividend for year ended 31 March 2024 (2023: Nil).

Future Plan for Material Investments and Capital Assets

The Group does not have any concrete plans for material investments or capital assets acquisitions for the coming 12 months.

Outlook

PCB Business Segment

As the PCB products are mainly applied in the consumer products such as electronics devices and automobiles, they are closely related to the macroeconomic environment. The slow global economic recovery caused the contracted downstream demand. The Board expects the demand for the PCB will remain under pressure as the global economy is stilling facing uncertainty. The Group will continue to implement cost control measures such as supplier management, and leverage its technical expertise to develop the high technology business.

Printing Business Segment

Despite the consumers sentiment has been affected by the sluggish global economic growth, this business segment maintained the operating performance which was ascribed to the sales team's effort to maintain a close relationship with the customer and production team's effort to produce the high-quality printing and packaging products. The Board expects the demand will still be under pressure under the uncertain macroeconomic environment. The Group will continue to implement cost control measures and optimize the inventory management.

Trading of Petroleum and Energy Products and Related Business Segment

The legal proceedings against the two then subsidiaries of the Company (including Pacific Dragon and DML) initiated by Societe Generale, Singapore Bank in August 2019 had been vigorously defended by the Company. On 10 July 2020, the Hong Kong High Court handed down its decision that the injunction continued but only on a proprietary basis, and only in the sums totaling HK$10.2 million and discharge of the injunction would be permitted if such amount was paid into the Court.

In November 2020, DML paid the injuncted amount of approximately HK$6.8 million to the Court. The injunction order against DML was discharged by the order of the Court dated 14 December 2020 and therefore the bank balances held by DML were released from restriction of use. On 29 June 2022, DML ceased to be a subsidiary of the Company under the Winding-up Order and the injuncted amount paid by DML was derecognised upon de-consolidation as set out in Note 26(a) to the consolidated financial statements.

At 31 March 2021, Pacific Dragon had the bank balances of approximately HK$2.7 million which were restricted from being use. In April 2021, Pacific Dragon paid the injuncted amount of approximately HK$3.5 million into the Court. The injunction order against Pacific Dragon was discharged by the order of the Court dated 18 May 2021 and therefore the bank balances held by Pacific Dragon were released from restriction of use.

Having consulted the Group's lawyer, the Group is of view that we have a reasonable ground of defense and will continue to defend the case.

Details of the legal proceedings are set out in Note 31 to the consolidated financial statements.

The international crude oil price and commodities price dropped significantly and fluctuated widely at medium and high levels. Nevertheless, the global commodity demand is expected to maintain growth. The Group is actively seeking for trading opportunities and try to resume the trading business. On 22 May 2023, the Company entered into a non-binding memorandum of understanding with an independent third party (as defined in the Listing Rules), pursuant to which, among others, both parties proposed to set up a joint venture which would engage in the trading of energy and resources related products and commodities so as for the Group to resume the trading business. The group is still negotiating with the potential trading partner regarding the operational decision and exploring the trading opportunity. Up to the date of this report, a mutual agreement has not been reached yet.

Investments in Funds Business Segment

The Group, through Digital Mind, entered into a joint venture agreement in July 2022, in relation to the subscription of the 40% of equity interests in Noricap Fund which engaged in investment holdings and subscription and management of SP Fund. Details of Noricap Fund are set out in Note 14 to the consolidated financial statements.

Upon the completion of subscription in Noricap Fund by the Group and LBG, Noricap Fund is yet to commence its business in subscription and management of SP Fund as the establishment of SP Fund is under progress and handling by a reputable fund administrator. Prior to the completion of set-up of SP Fund, Noricap Fund was actively looking for potential investment opportunities and the Group has provided a loan of approximately HK$19.8 million with the terms stipulated in Note 14 to the consolidated financial statements to Noricap Fund for making temporary investments with stable return. The Board is of the view that the provision of the shareholder loans for the purpose of making other investments as agreed by the joint venture partners will present an investment opportunity to maximise return on the Group's funds and allow the Group to diversify its business and sources of income.

At the end of the Year, considering the overall global economy concession and uncertainty from the global market, the Group and LBG has agreed to early realise the temporary investments and continue to explore other possible opportunities with acceptable risk and reasonable return to make use of the shareholder's loan.

Up to the date of this report, the establishment of SP Fund is under progress and LBG will provide its shareholder's loan following the approval from the relevant authorities in the PRC.

Looking forward, the Group and LBG are of the view that the subscription and future development of SP Fund, being a positive investment opportunity, can maximise return of Noricap Fund. At the same time, the Group and LBG will closely monitor the status of the establishment and development of SP Fund.

REPORT OF THE DIRECTORS

The Directors present herewith their report and the audited consolidated financial statements of the Company and its subsidiaries for the Year.

Principal Activities

The principal activity of the Company is investment holding. The Group operates its business mainly through four segments: (i) the PCB segment engages in the manufacturing and trading of PCB; (ii) the Printing Business segment engages in the manufacturing and trading of printing and packaging products; (iii) the trading of petroleum and energy products and related business segment; and (iv) investments holding. The principal activities of the principal subsidiaries are set out in Note 15 to the consolidated financial statements.

Results and Dividends

The Group's results for the Year are set out in the consolidated statement of profit or loss on page 78 of this report.

The Board does not recommend the payment of any dividends in respect of the Year (for the year ended 31 March 2023: Nil).

Business Review

Further discussion and analysis of the principal activities of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622), including a fair review of the Group business and a discussion of the principal risks and uncertainties facing the Group, an indication of likely future development in the Group's business, and a discussion on the Company's environmental policies and performance and key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends, can be found in the "Chairman's Statement" section on pages 3 to 4, the "Management's Discussion and Analysis" section on pages 9 to 13, this report of the directors, the "Environmental, Social and Governance Report" section on pages 24 to 54, the "Corporate Governance Report" section on pages 55 to 71 and Note 30 to the consolidated financial statements on pages 139 to 144 of this annual report, all of which forms part of this report of the directors.

An analysis using financial key performance indicators is provided in the section handed "Summary Financial Information" in this report of the directors and "Management Discussion and Analysis" on pages 9 to 13 of this annual report.

Compliance with Laws and Regulations

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the Year.

For more details, please refer to the Environmental, Social and Governance Report on pages 24 to 54 of this report.

Summary Financial Information

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out below.

Results

	Year ended 31 March				
	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000 (Restated)
Revenue					
Continuing operations	**85,584**	83,758	106,471	67,886	1,185,407
Discontinued operation	**–**	–	2,767	21,219	20,403
	85,584	83,758	109,238	89,105	1,205,810
Loss before income tax from continuing and discontinued operations	**(11,873)**	(25,868)	(29,149)	(66,901)	(98,036)
Income tax (expense)/credit from continuing and discontinued operations	**–**	(149)	21	(75)	10,788
Loss for the year	**(11,873)**	(26,017)	(29,128)	(66,976)	(87,248)
Loss attributable to:					
Owners of the Company	**(11,873)**	(26,017)	(29,128)	(66,976)	(87,248)

Assets and Liabilities

	As at 31 March				
	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Non-current assets	**46,896**	49,930	50,543	78,851	125,672
Current assets	**78,213**	94,673	125,065	100,571	131,944
Assets classified as held for sale	**–**	–	–	50,740	–
Current liabilities	**(31,282)**	(38,376)	(42,801)	(124,029)	(122,532)
Liabilities associated with assets classified as held for sale	**–**	–	–	(1,959)	–
Net current assets	**46,931**	56,297	82,264	25,323	9,412
Non-current liabilities	**(14)**	(313)	(146)	(9,052)	(1,998)
Total equity	**93,813**	105,914	132,661	95,122	133,086

Note: The revenue figures have been restated as if the vessel chartering business segment had been discontinued during the year ended 31 March 2020.

Donations

During the Year, the Group made charitable and other donation in the total amount of HK$11,000 (2023: HK$8,000).

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 12 to the consolidated financial statements.

Share Capital

Details of the Company's authorised and issued share capital are set out in Note 24 to the consolidated financial statements.

Share Option Scheme

Pursuant to the Company's special general meeting on the Date of Adoption, an ordinary resolution was passed to approve and adopt the Share Option Scheme which was further subject to approval by the Listing Committee of granting the Listing Approval. On 23 June 2017, the Listing Approval was confirmed by the Listing Committee.

The scheme mandate limit under the Share Option Scheme was refreshed by the passing of an ordinary resolution at the 2022 AGM, following which the maximum number of shares that may be issued by the Company upon exercise of all the share options granted under the Share Option Scheme is 161,328,757 shares of the Company, representing 10% of the total number of issued shares of the Company as at the date of the 2022 AGM. The details of the refreshment of the scheme mandate limit under the Share Option Scheme are set out in the circular of the Company dated 27 July 2022.

The purpose of the Share Option Scheme is to provide the incentives or rewards to the eligible persons for their contribution to, and continuing efforts to promote interests of, the Company and to enable the Group to recruit and retain high-calibre employees. Eligible persons of the Share Option Scheme include (i) any Director (whether executive or non-executive, including independent non-executive director) or employee (whether full time or part time) of the Company or any of its subsidiaries or associated companies; (ii) consultant, adviser, supplier or customer of the Company or any of its subsidiaries or associated companies; and (iii) any other group of classes of participants which the Board may, from time to time in its absolute discretion, consider appropriate on basis of such participants' contribution or potential contribution to the development, growth or benefit of the Company or any of its subsidiaries or associated companies. The Share Option Scheme will remain in force for 10 years from the Date of Adoption, unless otherwise terminated or altered. As at 31 March 2024, the remaining life of the Share Option Scheme is approximately 2 years 8 months. An option must be exercised within 10 years from the date on which it is granted or such shorter period as the Board may specify at the time of grant. An offer of grant of an option may be accepted by an eligible person within 28 days from the date of the offer of grant of the option. The Board may in its absolute discretion impose any condition(s) as it deems appropriate with respect to the grant of the option to the eligible persons, including the vesting period (if any).

Upon refreshment of the scheme mandate limit, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not exceed 10% of the total number of shares in issue as at the date of the 2022 AGM i.e. 161,328,757 shares (the "10% Limit") or the date of any shareholders' meeting in refreshing the 10% Limit, if applicable. Unless approved by the shareholders of the Company in accordance with the Listing Rules, the maximum number of shares issued and issuable to each eligible person under the Share Option Scheme in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue as at proposed grant date. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Before the refreshment and as at the beginning of the Year, the total number of options available for grant under the Share Option Scheme was 9,624,000 shares which represented approximately 0.60% of the total number of ordinary shares of the Company in issue. After the refreshment and as at the end of the Year, the total number of options available for grant under the Share Option Scheme was 161,328,757 shares which represented 10% of the total number of ordinary shares of the Company in issue at as the date of this report.

As at 31 March 2024, there was no service provider sublimit adopted under the Share Option Scheme; and no share options were issued to service providers under Rule 17.03(3) of the Listing Rules.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of such options). In addition, any share options granted to an independent non-executive Director or a substantial shareholder of the Company, or to any of their associates, in excess of 0.1% of the total number of shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5,000,000 within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted upon payment (with no deadline specified) of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board and commences from the date on which the offer of share options is duly accepted by the grantee in accordance with the Share Option Scheme.

The exercise price of share options is determined by the Board, and shall be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation on the date of the offer of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the share options; and (iii) the nominal value of the Company's shares. During the Year, no share options were granted, exercised, lapsed or cancelled, and there were no outstanding share options under the Share Option Scheme as at 1 April 2023 and 31 March 2024.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the Year.

Equity-Linked Agreements

Save for the Share Option Scheme as disclosed in this report, no equity-linked agreements were entered into by the Company or subsisted at any time during the Year.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

Distributable Reserves

As at 31 March 2024 and 31 March 2023, the Company did not maintain any reserve available for distribution to shareholders, calculated under the provisions of the Companies Act 1981 of Bermuda.

The Company's share premium account may be distributed in the form of fully paid bonus shares. Details of movements in the reserves of the Company and the Group during the Year are set out in Note 25 to the consolidated financial statements and in the consolidated statement of changes in equity on page 82 of this report, respectively.

Major Suppliers and Customers

The percentages of the Group's purchases and sales for the Year attributable to the largest and five largest suppliers and customers of the Group respectively are as follows:

a.	Percentage of purchases attributable to the:	
	– Largest supplier	31%
	– Five largest suppliers	55%
b.	Percentage of sales attributable to the:	
	– Largest customer	41%
	– Five largest customers	75%

None of the Directors or any of their close associates (as defined in the Listing Rules) or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest suppliers and customers.

REPORT OF THE DIRECTORS

Directors

The Directors who held office during the Year and up to the date of this report were:

Executive Director:

Mr. Lee Man Kwong *(Chairman)*

Non-executive Directors:

Mr. Yau Pak Yue
Mr. Wong Siu Hung, Patrick *(Redesignated on 1 April 2024)*

Independent non-executive Directors:

Mr. Leung King Fai
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming

Mr. Wong Siu Hung, Patrick has been redesignated from an executive Director to a non-executive Director with effect from 1 April 2024.

Under Bye-Law 99 of the Bye-Laws of the Company, at each annual general meeting, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that save for a director holding office as chairman or managing director, every director shall be subject to retirement by rotation at least once every three years.

In accordance with Bye-Law 99 of the Company's Bye-Laws, Mr. Wong Siu Hung, Patrick and Dr. Chan Yau Ching, Bob will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting to be held on Friday, 20 September 2024 (the "AGM").

The Company has received from each of the independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Company are set out on pages 5 to 8 of this report.

Directors' Service Contracts

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Emoluments

Details of the remuneration of the Directors on named basis during the Year are set out in Note 10 to the consolidated financial statements.

Litigations

Save as disclosed outstanding litigations set out in Note 31 to the consolidated financial statements, the Group is not a party to any other significant legal proceedings.

Permitted Indemnity Provisions

A permitted indemnity provision for the benefit of the Directors and officers of the Company is currently in force and was in force throughout the Year. Pursuant to the Bye-Laws of the Company, the Directors and the officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reasons of any act done, concurred in or omitted in or about the execution of their duties. The Company has maintained liability insurance to provide appropriate cover for the Directors and officers of the Group.

Directors' Interests in Transaction, Arrangements or Contracts of Significance

No Directors or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

Related Party/Connected Transactions

The significant related party transactions made during the Year were disclosed in Note 29 to the consolidated financial statements. The transactions set out therein fall within the definition of connected transactions under Chapter 14A of the Listing Rules, but are subject to exemptions under Chapter 14A of the Listing Rules and thus are fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2024, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of director	Nature of interests	Number of issued ordinary shares held (Long position)	Approximate percentage of the Company's issued share capital (Note)
Lee Man Kwong	Beneficial owner	10,000	0.0006%

Note:

The approximate percentages were calculated based on 1,613,287,570 shares in issue as at 31 March 2024.

Save as disclosed above, as at 31 March 2024, none of the Directors had any interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Arrangement to Purchase Shares or Debentures

Other than the Share Option Scheme disclosed in this annual report, at no time during the Year and at the end of the Year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 31 March 2024, the interests of the substantial shareholders and other persons, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name	Capacity and nature of interest	Number of issued ordinary shares held (Long positions)	Approximate percentage of the Company's issued share capital (Note 5)
Spring Global Enterprises Limited (Note 1)	Beneficial owner	280,000,000	17.36%
Ng Man Chan (Note 2)	Interest in controlled corporation/ Interests held jointly with another person	300,620,000	18.63%
Li Mi Lai (Note 3)	Interest of spouse/Interests held jointly with another person	300,620,000	18.63%
Cheung Ling Mun	Beneficial owner	120,068,000	7.44%
Kingston Finance Limited (Note 4)	Person having a security interest in shares	120,068,000	7.44%
Ample Cheer Limited (Note 4)	Interest in controlled corporation	120,068,000	7.44%
Chu Yuet Wah (Note 4)	Interest in controlled corporation	120,068,000	7.44%
Apact Consultancy (Hong Kong) Company Limited	Investment manager	103,826,000	6.44%

Notes:

(1) Spring Global Enterprises Limited is wholly-owned by Ng Man Chan. Ng Man Chan is deemed to be interested in all the shares in which Spring Global Enterprises Limited is interested under Part XV of the SFO.

(2) 300,620,000 Shares comprise 280,000,000 Shares held through Spring Global Enterprises Limited and 20,620,000 Shares jointly held with his spouse, Li Mi Lai.

(3) Li Mi Lai is the spouse of Ng Man Chan. By virtue of Part XV of the SFO, Li Mi Lai is deemed to be interested in the same number of Shares in which Ng Man Chan is deemed to be interested under Part XV of the SFO. Li Mi Lai also holds 20,620,000 Shares jointly with her spouse, Ng Man Chan.

(4) Kingston Finance Limited ("KFL") is wholly-owned by Ample Cheer Limited ("ACL"). ACL is wholly-owned by Chu Yuet Wah. Accordingly, ACL and Chu Yuet Wah are deemed to be interested in all the shares that KFL is interested under Part XV of the SFO.

(5) The approximate percentages were calculated based on 1,613,287,570 Shares in issue as at 31 March 2024.

Save as disclosed above, as at 31 March 2024, no other persons had any interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public throughout the Year and as at the date of this report.

Directors' Interest in a Competing Business

During the Year and up to the date of this report, no Directors is considered to have an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Corporate Governance

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 55 to 71 of this annual report.

Events after Reporting Period

Save as disclosed elsewhere in the consolidated financial statements, there were no significant events affecting the Company that have occurred since the end of the Year.

Auditor

The consolidated financial statements of the Group for the Year have been audited by Mazars CPA Limited, *Certified Public Accountants*, who will retire and, being eligible, offers itself for re-appointment and a resolution for its re-appointment as auditor of the Company will be proposed at the AGM.

There is no change of independent auditor of the Company during the past three years.

Environmental, Social and Governance

The Environmental, Social and Governance ("ESG") exercise for the Year have been undertaken by a third party consultant which enables the Company to present a succinct and balanced account of our ESG related matters to our stakeholders in a transparent manner which are set out in the ESG Report on pages 24 to 54 of this report.

On behalf of the Board

Lee Man Kwong
Chairman

Hong Kong
25 June 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Report Overview

Daisho Microline Holdings Limited ("Daisho Microline" or the "Company", together with its subsidiaries, collectively known as the "Group", "We"), is pleased to present our Environmental, Social and Governance Report (the "ESG Report" or the "Report") to our stakeholders. This Report describes the ESG activities, challenges and measures taken by the Group from 1 April 2023 to 31 March 2024 (the "Reporting Period", the "Year" or "2024").

Reporting Scope

The reporting scope is consistent with the annual report and covers all the continuing operations that are the principal source of revenue of the Group, which includes the head office in Hong Kong, PCB business and printing business operated in Hong Kong and the People's Republic of China (the "PRC") but excludes the petroleum trading business which have been suspended. The Group will continue to assess the major ESG aspects of different businesses to determine whether to expand the scope of reporting.

Reporting Framework

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 of the Rules Governing the Listing Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Exchange"). During the preparation for this Report, the Group applied the reporting principles stipulated in the ESG Reporting Guide as follows:

Materiality: A high priority is given to issues important to the Group and its stakeholders. Throughout the interaction with internal management, employees and external stakeholders, the Group has identified various material sustainability issues that need to be addressed. The preparation of this Report was based on these material issues. Please refer to the Stakeholder Engagement and Materiality Assessment sections for further details.

Quantitative: Quantitative information is provided so that a measurable target can be set and the ESG performance can be evaluated objectively. Additional clarifications have been added to the quantitative data in this Report to explain any standards, methodologies and conversion factors used in calculating emissions and energy consumption.

Balance: In this Report, the Group provides an unbiased picture of its ESG performance by reviewing and disclosing the achievements, areas for improvement, and plans.

Consistency: This Report's scope and preparation are substantially consistent with the previous year, and explanations regarding data with a change in the scope of disclosure and calculation methodologies are provided.

Forward-looking Statements

This Report contains forward-looking statements based on the current expectations, estimates, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it and its subsidiaries operate. The forward– looking statement is not a guarantee of future performance and is subject to market risk, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes and returns may differ from the assumptions and statements in this Report.

Contact Us

We welcome stakeholders to provide opinions and suggestions. You are welcome to provide valuable feedback on this ESG Report or our sustainability performance at:
Email: dminfo@dmgroup567.com

BOARD STATEMENT AND ESG GOVERNANCE STRUCTURE

Board Statement

The Board is pleased to present the ESG initiatives, strategies, plans and performance of the Group, and demonstrate its commitment to sustainable development in this ESG Report. Sustainability is a far-reaching, multi-disciplinary concept impacting every part of our business. The Group has taken a top-down and bottom-up approach to drive employees and stakeholders towards long-term sustainability development.

The Board is responsible for ensuring the effectiveness of the Group's risk management and internal control system. The Group has developed an ESG governance framework to ensure the alignment of ESG governance with our strategic growth while advocating the integration of ESG into our business operations.

The diagram below provides an illustration of our governance infrastructure, on the decision-making level and the management and implementation level:

Board-Decision Making Level

- Oversee all ESG related approaches, strategies and policies
- Assess critical issues, risks and opportunities
- Set goals and specific indicators and oversee the Group's sustainable development performance

ESG Working Group-Management and Implementation Level

- Identity and report on major ESG issues, risks and opportunities
- Implement sustainable development initiatives, review related policies, evaluate and make recommendations on governance and strategy issues
- Evaluate sustainable development performance and progress based on goals

The Board

The Board is responsible for overseeing all ESG issues of the Group. It holds the ultimate responsibility for monitoring the Group's ESG performance, as well as ESG management approach, strategy and policies. To advance the Group's ESG performance and identify potential risks and opportunities, the Board conducts regular materiality assessments with the assistance of the ESG Committee to evaluate and prioritise material ESG issues with reference to the opinions of our stakeholders.

The Board stipulates the Group's long-term and near-term sustainability commitment, goals and targets to drive aspirations and innovation. We have top-level commitment and endorsement of policies and frameworks to define our path towards sustainability.

ESG Working Group

Duties of the ESG Working Group include ESG data collection and data analysis for the ESG report. The ESG Working Group is also responsible for monitoring and evaluating the ESG performance to ensure regulations are fully complied. Regular meetings are carried out to assess the effectiveness of the current policies for ongoing improvements.

The ESG Working Group discusses material ESG topics in a timely manner and integrated ESG concerns into strategy development for risk management and opportunities optimisation. Through analysis and discussion, the ESG Working Group sets out different ESG initiatives as part of the sustainable development process, turning the identified threats into opportunities through policy formulation and implementation.

STAKEHOLDER ENGAGEMENT

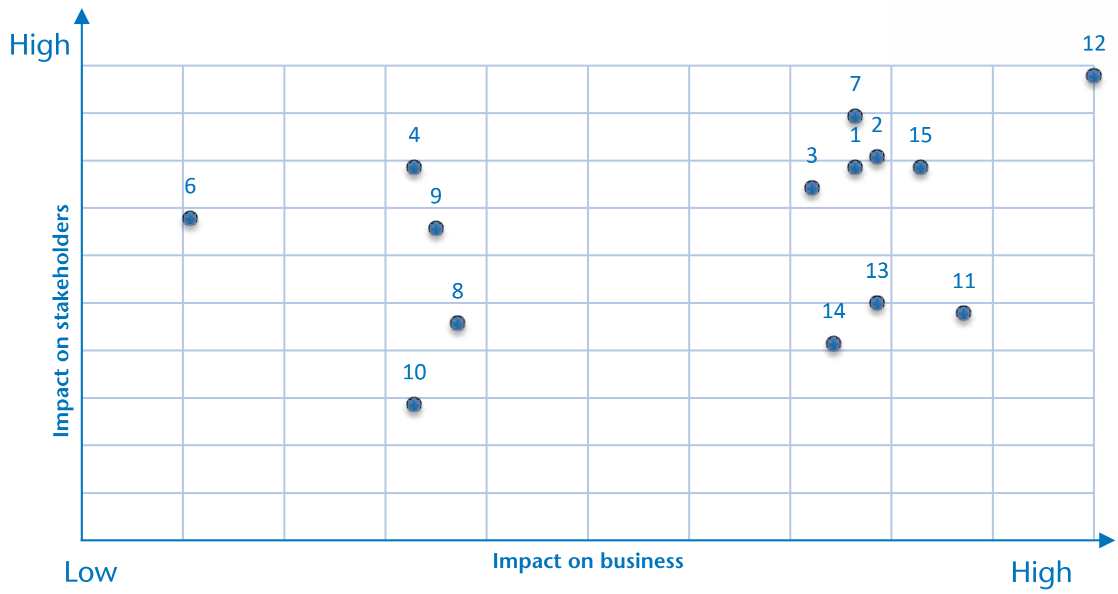
The Group recognises the importance of stakeholder feedback regarding its sustainable development efforts. To foster better communication, we actively encourage stakeholders to share their feedback on the Group's strategy through various channels. We are dedicated to understanding and meeting stakeholders' evolving expectations, aiming to enhance our ESG performance and create more value for the broader community.

Stakeholders	Key communication channels	Concerns
Shareholders and Investors	• General meetings (annual and special general meetings) • Interim and annual reports • Announcements and circulars	• Complying with relevant laws and regulations • Disclosure of latest corporate information in due course • Financial results • Corporate sustainability
Customers	• Emails • Customer meetings • After-sales services	• Product and service responsibility • Customer information and privacy protection
Suppliers	• Supplier conference and interviews • Periodic Assessments • Tender Selection • Regular Meetings • Circulars and Manuals • Company Website	• Contract Performance • Business Ethics • Win-win Cooperation • Information Sharing • Long-term Partnership
Employees	• Staff appraisals • Regular meetings • Emails and telephone calls • Employee handbook • Customised trainings	• Health and safety • Equal opportunities • Remuneration and benefits • Career development
Government and regulatory authorities	• Company website • Legal counsel • Meetings, emails and telephone calls	• Business ethics • Complying with relevant laws and regulations
Community	• ESG reports • Press releases and announcements • Interim and annual reports	• Giving back to society • Environmental protection • Compliant operations

MATERIALITY ASSESSMENT

Through the materiality review, ESG Committee has identified and assessed relevant ESG issues based on the Group's businesses based and circumstances. They are categorised as follows, and the results in the materiality analysis were reviewed and endorsed by the Board.

The Group's Materiality Matrix



1. Emission Control	2. Energy Consumption and Management	3. Packaging Material Usage	4. Waste and Wastewater Management
5. Conservation of Natural Environment	6. Employment Practices	7. Occupational Health and Safety	8. Employee Training and Development
9. Labor Standards	10. Diversity and Equality Relations	11. Supply Chain Management	12. Product and Service Quality
13. Intellectual Property Protection	14. Privacy Protection	15. Anti-Corruption	16. Community Investment

A. ENVIRONMENTAL

Environmental Targets

The Group values the concept of sustainable development and is committed to reducing its impact on the environment. In 2022, the Group established a series of environmental targets to respond to the national vision of environmental protection and carbon neutrality, and to enhance its corporate reputation. The Group continuously monitors and reviews the progress of its targets and strives to optimise its environmental management practices in order to achieve the targets set. The progress towards the target, relevant data and year-on-year comparisons are listed in the table below and subsequent sections.

Aspects	Base Year	2030 Targets (against base year)	Results
Electricity consumption intensity (MWh/m^2)	2022：0.21	↓5%	2024:0.20 (In Progress)
Water consumption intensity (m^3/m^2)	2022：2.41	↓5%	2024:2.05 (Achieved)
Waste production intensity ($tonnes/m^2$)	2022：0.003	↓5%	2024：0.002 (Achieved)
Greenhouse gas intensity ("GHG")（tCO_2e/m^2）	2022: 0.12	↓5%	2024:0.13 (In Progress)

Emissions

The Group is firmly committed to sustainable development as its primary ESG management goal. It proactively incorporates environmental control mechanisms and monitoring measures into its business operations and workplace. Echoing the Paris Agreement of limiting the average global temperature increase to 1.5°C compared to the pre-industrial period, the Group has developed an "Environmental Policy" that provides clear guidelines and measures for resource efficiency and waste management. It regards emissions reduction, and as well as efficient and responsible use of energy, to be the prerequisites for achieving this global ambition.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Relevant laws and regulations include but not are limited to the "Environmental Protection Law of the PRC", the "Atmospheric Pollution Prevention and Control Law of the PRC", the "Water Pollution Prevention and Control Law of the PRC", the "Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Wastes", "Regulation on Urban Drainage and Sewage Treatment", and the "Air Pollution Control Ordinance" and the "Waste Disposal Ordinance" of Hong Kong.

Air Emissions

The primary contributors to the Group's air emissions were the usage of petrol and diesel in vehicles and machinery. To ensure compliance with applicable laws, regulations, and standards, the Group is dedicated to monitoring air emissions closely.

The following is an overview of the air emissions performance during the Year:

Types of air emissions	Unit	2024	2023
Nitrogen Oxides (NOx)	kg	27.93	25.62
Sulphur Oxides (SOx)	kg	0.74	0.71
Particulate Matter (PM)	kg	2.06	1.89

Furthermore, the Group has taken proactive steps to implement reduction measures and establish monitoring protocols. These initiatives aim to minimise air emissions and mitigate their environmental impact.

Reduce Air Emission

- Regularly maintain and repair vehicles and forklifts to prevent them from generating excess air emissions from broken parts
- Phase out unqualified vehicles in accordance with the local emission regulations
- Perform regular inspections to monitor the concentration of air pollutants, volatile organic compounds, benzene, toluene and xylene to ensure the emissions are within the emission standards set by the government
- Install filter bags, scrubber and bio-trickling filter to filter dusts, neutralise gas and deodorise air before air is emitted into the atmosphere

GHG Emissions

The Group's GHG emissions are derived from a range of activities. These include direct **(Scope 1)** emissions such as the combustion of petrol in mobile sources, the combustion of diesel in forklifts, and refrigerant emissions. Indirect emissions consist of energy-related **(Scope 2)** emissions from purchased electricity, as well as other indirect **(Scope 3)** emissions from municipal freshwater processing, paper waste disposal at landfills, and business trips (if applicable). By acknowledging and categorizing these emissions, the Group is committed to effectively managing and reducing its environmental impact.

The Group's performance of GHG emissions is summarised below:

Scopes of GHG emissions[1]	Unit	2024	2023
Scope 1 Direct emissions	**tCO_2e**	**146.90**	**139.89**
Combustion of petrol for vehicles	tCO_2e	134.18	125.33
Combustion of diesel for forklifts	tCO_2e	2.16	2.24
Release of refrigerants	tCO_2e	10.56	12.32
Scope 2 Energy indirect emissions	**tCO_2e**	**1,460.64**	**1,327.82**
Purchased electricity	tCO_2e	1,460.64	1,327.82
Scope 3 Other indirect emissions	**tCO_2e**	**50.67**	**14.50**
Electricity used for freshwater processing	tCO_2e	11.24	12.02
Paper waste disposed at landfill	tCO_2e	1.51	2.48
General wastes at landfill	tCO_2e	37.50	–
Business air travel	tCO_2e	0.42	–
Total GHG emissions	**tCO_2e**	**1,658.21**	**1,482.21**
Intensity[2]	tCO_2e/m^2	0.13	0.12

Note(s):

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the latest released emission factors of China's regional power grid basis, the "2022 Sustainability Report" published by HK Electric Investments Limited and the "CLP 2022 Sustainability Report" published by CLP Holdings Ltd..

2. During the Reporting Period, the total floor area of the Group within the reporting scope was approximately 12,613.00 m^2 (2023: 12,613.00 m^2). These numbers would also be used for calculating other intensity data in the ESG Report.

Due to the easing of the COVID-19 pandemic, business travel has returned to normal, resulting in a slight increase in carbon dioxide emission intensity. Echoing with the PRC government's goal of "achieving peak emissions by 2030 and carbon neutrality by 2060", the Group will actively respond to the government's emission reduction plan and strive to reduce its GHG emissions intensity within the target period. We have adopted the following emission reduction measures actively under "Air Emissions" and "Energy Management" sections.

Wastewater Discharge and Treatment

The Group ensures that wastewater is treated properly and has met the standard of the PRC government before discharge. Wastewater treatment processes, including sedimentation, aerobic and anaerobic digestion and pH adjustment, are applied onsite. The Group monitors the wastewater parameters, such as chemical oxygen demand, total suspended solid, pH, nitrogen content, heavy metal content, etc., and ensures that the effluent meets all permitted effluent limits.

Hazardous Wastes

The hazardous wastes generated during the Group's production process were waste cloths and waste ink cans. To reduce the generation of hazardous waste, the Group adheres to the waste management principle and strives to properly manage and dispose of wastes produced during its business activities. The Group has developed and implemented hazardous waste handling procedures. Hazardous wastes generated from the factory are classified with reference to the National Hazardous Waste List, and properly stored in designated area and collected by licensed collectors.

The Group engaged a third-party collector to manage the disposal of its waste ink cans, this data has started to be disclosed since 2024. The Group's performance of hazardous wastes generation is summarised below:

Types of hazardous wastes[3]	Unit	2024	2023
Waste cloths	tonnes	0.19	0.22
Waste ink cans	tonnes	0.25	N/A
Total hazardous wastes	tonnes	0.44	0.22
Intensity[2]	tonnes/m^2	0.00004	0.00002

Note(s):

3. Hazardous waste generation from the Hong Kong office was not significant. Relevant data are only derived from the operations in the PRC.

Non-hazardous Wastes

The Group's operational activities generate non-hazardous wastes, primarily consisting of general waste and paper waste. To ensure proper waste management, the Group takes precautions to prevent the diffusion and leakage of waste, strictly prohibit any unauthorised disposal. All generated waste is stored in designated areas under strict monitoring. The Group engages licensed collectors to collect and process various types of waste, adhering to regulatory guidelines and maintaining responsible waste management practices.

The Group's performance of non– hazardous wastes generation is summarised below:

Types of non-hazardous wastes	Unit	2024	2023
Total non-hazardous wastes (Including general wastes & paper wastes)	tonnes	25.00	23.36
Intensity	tonnes/m^2	0.002	0.002

The company continues to adhere to the environmental principle of "**3R**" (Reduce, Reuse, Recycle) to reduce waste generation.

- Office automation systems are used to replace paper-based approval processes, reducing paper consumption. Notices or brochures are made available in electronic formats and uploaded to the company's intranet or internet for readership.
- Company publications, including annual reports, interim reports, and quarterly reports, are printed only as needed.
- Shareholders are encouraged to access the company's corporate communications electronically. This not only saves paper but also provides the most timely, convenient, and effective means of communication with shareholders.
- Draft documents are created in draft mode, with reduced line spacing and printed in smaller font size. This helps save ink, electricity, and paper.
- Double-sided printing or copying is encouraged, and office printers are set to default for black and white and double-sided printing.
- Recycling boxes are placed next to photocopiers to collect single-sided paper for reuse. For example, they can be used for photocopying or cut into notepaper.

Use of Resources

The Group upholds and promotes the principle of efficient use of resources. To optimise resources consumption, the Group has formulated the aforementioned "Environmental Policy" to monitor and manage the consumption of fuel, electricity, water and packaging materials.

Energy Management

Recognising energy consumption as the Group's major source of GHG emissions, the Group actively identifies areas to systematically manage and optimise energy use. Electricity consumed in the office is the major type of energy use in the operations. The Group closely monitors its energy use to ensure it minimises energy consumption. The Group's performance of energy consumption is summarised below:

Types of energy	Unit	2024	2023
Petrol	MWh	488.90	456.66
Diesel	MWh	8.83	9.18
Direct energy consumption[4]	**MWh**	**497.73**	**465.84**
Purchased electricity[5]	MWh	2,561.17	2,328.28
Indirect energy consumption	**MWh**	**2,561.17**	**2,328.28**
Total energy consumption	**MWh**	**3,058.90**	**2,794.12**
Intensity[2]	MWh/m^2	0.24	0.22

Note(s):

4. The unit conversion method of direct energy consumption data is based on the "Energy Statistic Manual" issued by the International Energy Agency.

5. This excluded the electricity consumption in Hong Kong office where the utility expenses were included in the management fee paid and where relevant usage data is not made available.

In line with this principle, the Group has developed the mentioned "Environmental Policy" to effectively monitor and manage the consumption of fuel, electricity, water, and packaging materials. Through the implementation of this policy, the Group aims to optimise resource consumption and minimise waste, contributing to sustainable resource management practices. These measures include, but are not limited to:

- Energy-saving lights and appliances are used in the office premises.
- Corridor lights are not fully turned on, and interval lighting is implemented.
- Unused electrical devices and appliances are unplugged to cut off power supply.
- Computers that are idle or not used within two hours are promptly shut down to ensure power savings.
- During lunch and non-office hours, some lights and air conditioning are turned off.
- Computers are regularly maintained and cleaned to prevent dust accumulation and moisture, reducing electricity consumption.
- Office equipment with energy-efficient features is purchased.
- Before leaving, turn off electric devices such as water dispensers, computers, printers, and air conditioning units, and unplug them to disconnect from the power source.

- Wear lightweight office attire during summer, and maintain room temperature at 26º C.
- Enable standby or hibernate mode for personal computers.

Water Management

As extreme weather events such as drought and flooding continue to increase in frequency and magnitude, it becomes crucial for businesses to adopt sustainable practices and conserve water. The Group strives to use water more efficiently and to help strengthen the resilience of ecosystems in which it operates. To mitigate the impacts of pollution affecting the quality of local water sources, the Group ensures that its water discharges are safe by complying with local regulatory requirements. The Group does not have any operations that use freshwater in water-stressed areas, and it does not experience difficulties in sourcing water fit for its purpose.

The Group's performance of water consumption is summarised below:

Indicators	Unit	2024	2023
Total water consumption[6]	m^3	25,842	28,055
Intensity	m^3/m^2	2.05	2.22

Note(s):

6. This excluded the water consumption in Hong Kong office where the water expenses were included in the management fee paid and where relevant usage data is not made available.

To actively mitigate water consumption, the Group closely monitors its monthly water usage and implements various initiatives to control consumption. These initiatives aim to promote water conservation and ensure responsible water management practices：

- Extend the drainage pipe of the air conditioning unit into a bucket, which can collect one liter of water every two hours. The saved water can be used for watering plants or mopping the floor.
- In the restroom, use a high-flow flush for solid waste and a low-flow flush for liquid waste, based on the water requirements for flushing.
- Post water-saving labels as reminders and install automatic water taps.

Use of Packaging Materials

Given the nature of its operations, the Group employs packaging materials such as paper boxes, bubble wrap, and plastic tape to safeguard its products. The Group actively seeks to optimise packaging methods, select the most appropriate and efficient materials, and prioritise options that are free from harmful substances and recyclable. By doing so, the Group aims to promote sustainable packaging practices and mitigate its impact on the environment.

The Group's performance of packaging materials is summarised below:

Types of packaging materials	Unit	2024	2023*
Paper box	tonnes	122.40	94.20
Bubble wrap	tonnes	0.00	0.04
Plastic tape	tonnes	2.67	0.03
Total packaging materials consumption	tonnes	125.07	94.27
Intensity	tonnes/m^2	0.0099	0.0075

Note(s):

* FY2023's paper box data has been updated due to the establishment and improvement of the data collection system, which has enhanced the data accuracy in FY2024. The FY2023 paper box data was previously prepared through estimation.

Acknowledging the environmental impact of packaging materials, the Group strives to improve sustainability of its packaging in three ways:

The Environment and Natural Resources

The Group recognises its responsibility to minimise the negative impact of its operations on natural resources and the environment, aligning with its commitment to sustainable development and long-term value creation. This is achieved through the implementation of the "Environmental Policy," which includes continuous monitoring, risk mitigation measures, and compliance with relevant laws and regulations. By upholding these principles, the Group aims to promote environmental sustainability and fulfill its obligations to the broader community.

Climate Change

The Group recognises the need to regularly identify potential risks associated with climate change and analyse their potential impact on its operations. After referring to the financial recommendations report published by the Task Force on Climate-related Financial Disclosures (**TCFD**), the identified climate-related risks can be categorised into two main types: physical risks and transition risks. The Group should incorporate climate change risk factors into its environmental, social, and governance risk management processes. Annual risk assessments should be conducted to determine if any adjustments are needed based on the identified risks, and relevant information should be recorded in the risk repository.

<table>
<tr><th>Physical Risks</th><th>Transition Risks</th></tr>
<tr><td>Physical risks refer to risks caused by extreme weather events. These events include, but are not limited to, typhoons, heavy rain, and flooding. In the event of such emergencies, the company should closely monitor the latest weather updates and recommendations issued by local authorities. Additionally, the company should proactively take the following measures to minimise the potential impact of extreme weather events on its business:</td><td>The development of policies and regulations on climate change for carbon reduction may pose potential risks to the Group. These regulations may increase related compliance costs. Failure to meet climate change compliance requirements may also expose the Group to the risk of claims and litigation, which may result in a possible loss of corporate reputation.</td></tr>
<tr><th colspan="2">Mitigation Strategy</th></tr>
<tr><td colspan="2">Physical Risks
• To prevent accidents or property damage caused by storms in the workplace, including but not limited to office spaces, regular inspections of drainage facilities should be conducted to ensure their effectiveness.
• Organise regular emergency evacuation drills and daily emergency response exercises to enhance employees' emergency preparedness. The aim is to minimise building damage and personal injuries caused by floods.
• Purchase insurance for its employees and assets, and formulated contingency plans to reduce or avoid losses when extreme weather affects its business premises.
• Identify these risks and prioritise those with material impacts on the Group so that preventive measures can be taken as soon as possible.

Transition Risks
• Assess the risks and opportunities associated with climate change and any related financial implications to gain a deeper understanding of the impact on its business.
• Develop appropriate procedures and measures to prevent or minimise the damages caused by climate change and capitalise on potential opportunities.
• Consider climate change as a factor when planning for new operational locations.
• Incorporate climate change risks into the company’s risk management processes.
• Report on climate change risks and opportunities in accordance with the framework of IFRS S2 'Climate-related Disclosures’ of the IFRS Foundation in future.</td></tr>
</table>

B. SOCIAL

Employment

Human resources are the foundation to support the development of the Group. To fulfil its vision on people– oriented management and to realise the full potential of employees, the Group has formulated a series of human resources management procedures, covering topics such as covers aspects of compensation and dismissal, recruitment and promotion and welfare, in its "Employee Handbook", "Recruitment and Dismissal Regulations" and "Remuneration and Benefits System".

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare that had a significant impact on the Group. Relevant laws and regulations include are but not limited to the "Labour Law of the PRC", the "Labour Contract Law of the PRC" and the "Employment Ordinance" of Hong Kong.

Inclusion and Diversity

Studies have suggested that companies with a greater gender mix and ethnic diversity consistently outperform. The Group recognises the strength of incorporating diverse perspectives, experiences, and ideas. A diverse and inclusive working environment raises employee engagement, which is instrumental to the growth of the organization. The Group aims to build an inclusive team that reflects the diversity of the Group's customer base.

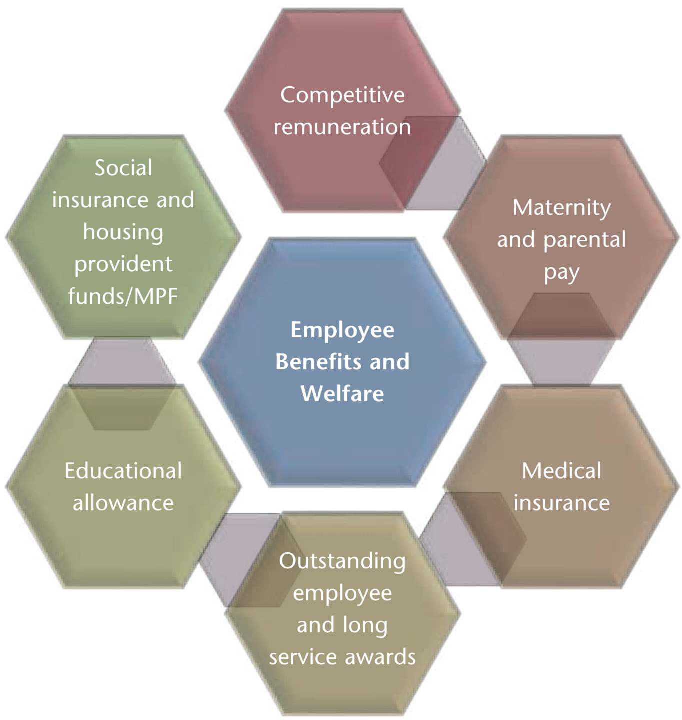
As such, the Group respects individuals of different culture and background. As stipulated in the Employee Handbook, the Group has zero tolerance towards discrimination based on race, colour, national or social origin, religion, age, disability, sexual orientation, gender, or any other status. All decisions in talent management, including recruitments, promotions, appraisals and dismissals, are based on the same equality principle. The Group aims to nurture a harmonious workplace culture through strengthening communication and elimination of discrimination.

The below table illustrates the Group's employment structure.

Employee composition	2024	2023
Total	263	290
By gender		
Male	92	96
Female	171	194
By age group		
30 or below	14	29
31-40	66	94
41-50	121	127
51 or above	62	40
By geographical region		
The PRC	241	268
Hong Kong	22	20
Others	0	2
By employee category		
Senior management	17	18
Middle management	31	54
Frontline and other employees	215	218
By employment type		
Full-time	262	289
Part-time	1	1

Employee Benefits and Welfare

Equitable remuneration and benefits contribute to employee satisfaction, team morale and overall performance. The Group offers an extensive and competitive package of renumeration and benefits, and it reviews its package in a timely manner in response to market changes. in compliance with applicable laws and regulations in the People's Republic of China (PRC), the Group adheres to social insurance contribution plans. Moreover, all employees in Hong Kong are enrolled in a pension scheme in accordance with the rules and regulations of the Mandatory Provident Fund Schemes Ordinance ("MPF"). It offers non-statutory benefits as additional welfare to employees, such as maternity and parental pay, and educational support. Medical insurance, outstanding employee awards, and long-term service awards are also offered.



These measures demonstrate the Group's commitment to fostering employee engagement and providing comprehensive benefits and incentives.

To address the needs and concerns of employees and develop a more engaged workforce, the Group maintains flexible work arrangements, and provides flexible hours and alternate schedules to applicable employees. Not only do these measures help to increase engagement and productivity, but they also allow the Group to lower overheard costs on recruitment and staff turnover.

With a strong people-oriented culture supported by good employment practices, the Group has noted an increase in employee morale, as well as better employee retention. The summary of employee turnover rate by gender, age group and geographical region is as follows:

Employee turnover rate[7]	2024	2023*
Total	31%	64%
By gender		
Male	29%	64%
Female	32%	64%
By age group		
30 or below	93%	221%
31-40	55%	45%
41-50	22%	54%
51 or above	10%	38%
By geographical region		
The PRC	33%	69%
Hong Kong	9%	–
Others	–	–

Note(s):

7. Turnover rate (per category) = L(x)/E(x) * 100

L(x) = Employees in the specified category leaving employment

E(x) = Number of employees in the specified category

* The data has been restated due to an updated calculation formula

Employee Engagement

The Group recognises the importance of engaging employees by listening to their voices and concerns. It offers various effective communication channels to shape an open work environment that encourages idea sharing, promotes interactions, and inspires innovation. Employees are free to voice out their ideas or register their complaints through a variety of communication channels, including internal mailbox, emails and surveys. Communication mechanisms are regularly evaluated to ensure their effectiveness.

Health and Safety

Providing a healthy and safe work environment is of paramount importance to the Group. The Group has strictly implemented the "Management Regulations on Work-related Injuries and Accidents", which includes procedures for reporting, handling occupational health and safety accidents and providing compensation. To ensure employees strictly observe all safety operation rules, we have also outlined terms of labour protection, working conditions and protection from occupational hazards in the "Employee Handbook".

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to health and safety that had a significant impact on the Group. Relevant laws and regulations include but are not limited to the "Labour Law of the PRC", the "Law of the PRC on the Prevention and Treatment of Occupational Diseases" and the "Occupational Safety and Health Ordinance" of Hong Kong.

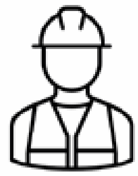
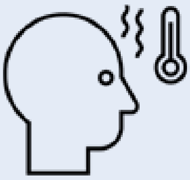
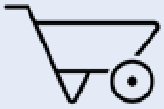
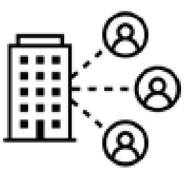
Managing Safety Risk

The Group has established a safety management system to manage safety elements and mitigate the safety risks in the workplace. It strictly complies with corresponding safety requirements during the manufacturing process, identifies safety hazards, conducts regular safety inspections and monitors working procedures.

In 2024, the Group was not aware of any non-compliance with all relevant laws and regulations that would have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards. No work-related fatalities were noted during the past three consecutive years, including this Year.

Health & Safety Indicators	Unit	2024	2023	2022
Work-related fatalities	Numbers	0	0	0
Fatality rate	%	0	0	0
Lost days due to work injury	Days	40	9	155

The Group has implemented additional measures to promote behavioural change and improve employee awareness of the importance of health and safety.

	The Group provides employees with personal protective equipment, such as gloves and safety goggles, and offers training on safety measures for risky tasks, such as hot working and lifting operations.
	The Group ensures good ventilation in the work environment to maintain a suitable and comfortable temperature and humidity.
	For departments that are at a higher risk of occupational hazards, regular medical examinations are provided.
	Smoking and setting off firecrackers are strictly prohibited in the factory.
	Each department is responsible for ensuring that employees switch off electricity supply, close doors and windows, and check fire equipment before leaving the factory.
	Employees should exercise caution when handling heavy objects and seek assistance when necessary.
	In the event of a malfunctioning machine, instrument, or switch, or if an employee feels uncomfortable, gets injured, or becomes infected, they should immediately report to their supervisors.

Development and Training

Structured skills development programmes are in place across the Group for all employees, who play an integral role in operations. The Group's targeted learning activities aim to address the skills development needs of each core business as well as employees' career development aspirations. The content and structure of its learning programmes are continually refreshed to keep pace with market developments and digitalisation requirements.

Training Programmes

The Group understands the pivotal role of development and training in enabling employees to perform their duties with greater effectiveness and efficiency. To foster talent and facilitate ongoing growth, the Group has implemented a comprehensive "Training Management Policy" within its "Employee Handbook." This policy serves as a guideline for various training processes, including planning, preparation, execution, evaluation, and feedback.

As part of this commitment, the Group designs an annual training plan tailored to address the specific needs of employees from various positions. The training initiatives encompass a wide range of models, such as orientation and on-the-job training, ensuring a diversified approach. These programs cover essential topics including operational skills, safety measures, and professional knowledge, such as ISO standards and electrical engineering. Through these comprehensive training programs, employees gain valuable familiarity with the Group's vision, operations, and professional knowledge, further enriching their capabilities and expertise.

During the Reporting Period, 66% of the Group's employees received training, with an average training hours of 0.78 hours.

	2024		2023	
	Percentage of employee trained[8]	**Average training Hours[9]**	**Percentage of employee trained[8]**	**Average training hours[9]**
Total	66%	0.78	79%	0.58
By gender				
Male	64%	0.84	65%	0.46
Female	67%	0.75	86%	0.64
By employee category				
Senior management	0	0	17%	0.67
Middle management	65%	1.68	15%	0.27
Frontline and other employees	71%	0.71	100%	0.65

Note(s):

8. Percentage of employee trained = number of employees in the specified category who took part in training during the Year ÷ number of employees in the specified category at the end of the Year × 100%.

9. Average training hours = number of training hours received by employees in the specified category during the Year ÷ number of employees in the specified category at the end of the Year.

Labour Standards

The Group maintains a strict stance against any violations of human rights, particularly in relation to forced, bonded, or compulsory labor, human trafficking, and other forms of slavery and servitude. Additionally, the Group has a zero-tolerance policy towards discrimination, harassment, and bullying.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group. These laws and regulations include, but are not limited to, the "Regulation on Labour Security Supervision" and the "Provisions on the Prohibition of the Use of Child Labour" in the People's Republic of China (PRC), as well as the "Employment Ordinance" in Hong Kong. The Group remains committed to upholding these regulations and ensuring the protection of human rights within its operations.

Prevention of Child and Forced Labour

The Group has detailed all recruitment procedures and requirements in the "Employee Handbook". No teenagers under the statutory minimum working age will be employed. All new employees are required to provide true and accurate personal identification information. The human resources department is responsible for verifying new employees' identification documents, such as identity card and academic certificates, to ensure that they are legally entitled to work for the Group. When any irregularities are identified, the Group will immediately carry out investigations and impose punishment.

In addition, Furthermore, the Group adheres to a 40-hour work week, with 8 hours per day for 5 days, excluding rest periods. Overtime work is compensated in terms of additional salary and leave, following the guidelines outlined in the "Employee Remuneration and Compensation Management Procedures." Employees are not required to work overtime in their daily operations, and the "Employee Handbook" has stipulated relevant regulations on overtime working hours. All employees have signed the employment contract and agreed to the stipulated terms and conditions. Any violations will be dealt with accordingly.

Supply Chain Management

Group policies have clearly outlined the procurement standards and procedures, as well as the assessment of supplier performance. Suppliers should conduct business ethically, and refrain from providing or accepting bribes and other improper benefits. To achieve this objective, the Group has enhanced its procurement-related policies and procedures. A comprehensive set of policies, including the "Quotation Control Process," "Approval Authority Policy," and "PCB Procurement Management Procedures," have been implemented to standardise and streamline the quotation and procurement processes. These measures ensure consistency and adherence to established guidelines throughout the procurement cycle.

During the supplier selection process, the quality management department, production unit and engineering department arrange on-site audits and review the manufacturing process reports, materials details and test reports of potential suppliers to assess the qualifications of new suppliers and the performance of existing suppliers. Suppliers must comply with regulations such as the Restriction of Hazardous Substances ("RoHS") Directive, Waste Electrical and Electronic Equipment ("WEEE") Directive, and Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"). Only companies who pass all audits are qualified to be the Group's suppliers.

Green Procurement

The Group has also established "Green Procurement Management System" to prioritise suppliers who use eco–friendly products and services to minimise potential environmental risks along the supply chain. Priority is also given to suppliers who have been awarded environmental management system certificates. During the Reporting Period, we cooperated with 189 suppliers in total, 188 suppliers from PRC and 1 supplier from HK (2023: 124 PRC suppliers).

The Group assesses the environmental and social performance of its suppliers to ensure they work in an ethical and responsible manner. For existing suppliers, regular performance evaluations are conducted to manage the potential environmental and social risks along its supply chain. Suppliers are assessed and scored based on their quality management, product price, service and punctuality. The Group only continues to cooperate with qualified suppliers that have passed the supplier assessments.

Besides, suppliers are required to sign agreements such as the Letter of Commitment to Restricted Substances and the DML Green Procurement Standards to demonstrate their commitments to product quality and environmental performance. The Group regularly evaluates and monitors suppliers' compliance with these commitment agreements. If any irregularities are found, the Group will require suppliers to take immediate remedial and corrective measures. To ensure the effectiveness of the supply chain management practices, the Group regularly monitors whether the practices are properly implemented through its enterprise risk management process.

Product Responsibility

We are committed to providing excellent customer experience. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group. Relevant laws and regulations include but are not limited to the "Law of the PRC on the Protection of Consumer Rights and Interests", the "Advertising Law of the PRC", the "Interim Measures for the Administration of Internet Advertising" of the PRC, the "Product Quality Law of the PRC", and the "Trade Descriptions Ordinance" of Hong Kong.

Product Quality Assurance

The Group has embedded its approach of delivering best value to its customers into the way it designs and markets its products and services. Its policies require that products must be fit-for-purpose throughout their lifecycle, meeting regulatory requirements and ethical standards. The Group regularly reviews products to ensure they remain relevant and perform in line with expectations and improve or withdraw products that do not meet our customers' needs or standards.

To this end, the Group has established the "Product Safety and Risk Control Procedures" to standardise procedures for the quality management of products and services. It has also established procedures for quality inspections of raw materials upon their arrival in the warehouse. Different departments within the Group take the lead in fulfilling these responsibilities, with their specific roles outlined below:

Departments	Responsibilities
Engineering and technology department	• Conduct risk analysis and risk management • Provide technical support
Production unit	• Ensure safety production • Perform risk management
Quality management department	• Conduct product safety inspection • Review suppliers' management capabilities regarding product safety
Administrative department	• Provide training on product safety responsibilities for employees

Engaging with Customers

To maintain high standards of customer service, the Group has developed "Customer Service Management Guidance" provide detailed instructions to employees on how to handle product orders, customer inquiries and other related matters. The Group also actively communicates with customers and takes immediate measures to resolve any complaints. We have established the "Customer Satisfaction Evaluation Procedures" to ensure that queries and feedbacks from customers are answered, rectified, and recorded in a systematic manner.

When a complaint is received, the quality management department conducts an internal investigation and analysis. The Group communicates with the customer and responds to the complaint within a specified period. If necessary, the market department arranges the product return process according to the "Customer Complaints and Product Return Procedures".

During the Reporting Period, there were no products recalled for safety and health reasons (2023: nil). The Group received zero complaints from customers (2023: 3 complaints). We have arranged for exchange and the complaint was resolved through communication.

Privacy Protection

To safeguard corporate or customers' personal data, the Group continues to strengthen its information security system and has stipulated the "Personal Data Protection Policies and Procedures Manual". Designated department has been assigned to govern the authorities and accessibility of data.

Compliance with the employee confidentiality agreement is mandatory for all employees, any unauthorised access or misuse of such information carries serious consequences, including disciplinary action up to and including termination of employment. Furthermore, the Group strictly prohibits the disclosure of business information, trade secrets, technical details, and other proprietary company secrets. The Group has also installed and updated firewalls to prevent data leakage. The use of pirated and counterfeit software is strictly prohibited. During the Reporting Period, the Group did not receive any substantiated complaints regarding the breach of client privacy, identified leaks, theft, or loss of customer information.

Advertising and Labelling of Products

The Group respects the rights of customers and is committed to providing accurate marketing information to assist them in their purchase decisions. We have established the "Marketing Operational Procedures" to strictly regulate and review advertising materials to protect the interests of our customers. The labelling of our products must be accurate, legitimate, clear, and not misleading to avoid any non-compliance with relevant laws and regulations.

Intellectual Property Rights

The Group is committed to safeguarding intellectual property rights. A dedicated department is responsible for the protection and management of the Group's and its customers' intellectual properties and technical specifications. Employees are strictly prohibited from copying or disclosing any information, such as designs, techniques, and trade secrets, to third parties without the explicit consent of the Group. These measures are in place to ensure the confidentiality and protection of valuable information and to uphold the Group's commitment to intellectual property rights.

Anti-corruption

The Group believes that honesty, integrity and fairness are fundamental elements of the organisation. The Group has formulated the "Commercial Bribery Prevention Management and Whistle-blowing Policy" and "Integrity Policy Management Procedures" to prevent, identify and address any instances of alleged or actual bribery and corruption involving the Group.

During the Reporting Period, the Group was not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group. No concluded legal cases regarding corrupt practices have been brought against the Group or its employees during the Year. Relevant laws and regulations include but are not limited to the "Company Law of the PRC", the "Anti-money Laundering Law of the PRC" and the "Prevention of Bribery Ordinance" in Hong Kong.

The Group is committed to upholding the highest ethical standards, including business integrity, honesty and transparency across all operations and businesses. We have zero tolerance for any form of fraud or bribery, and are committed to the prevention, deterrence, detection, and investigation of all forms of fraud and bribery. The Group provides employees with guidelines which stipulate the expected behaviour of employees and specify that employees must not engage in acts or activities with conflicts of interest. The Employee Handbook provides proper examples of ethical behaviours.

Training related to anti-corruption is rendered to our directors, management and employees to boost their awareness on the prevention of any kind of unethical behaviour such as bribery, extortion, fraud and money laundering. During 2024, 6 directors and senior management were provided with anti-corruption training for a total of 10.5 hours. There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.

Whistle-blowing Mechanism

The Group actively promotes a culture of transparency and encourages employees and other stakeholders, such as customers, suppliers, creditors, and debtors, to report any suspicions of improprieties, misconduct, or malpractice. To facilitate this, a confidential reporting channel is available for individuals to disclose their concerns.

Under the Whistleblowing Policy, all reported incidents are treated with the utmost confidentiality, and whistleblowers are protected from unfair dismissal, retaliation, or unwarranted disciplinary actions. Incidents involving fraud and corruption are subject to thorough investigation.

The Internal Audit department plays a vital role in reviewing reported incidents. They engage relevant stakeholders, assess the need for detailed investigations, and escalate findings to the Board and the Audit Committee when necessary. This ensures that reported incidents are appropriately addressed and resolved.

Community Investment

The Group considers it as a privilege to have the ability to give back to the community. Community involvement reaffirms the Group's commitment of engaging with stakeholders to make lasting impacts. Through community involvement, the Group can also foster its corporate culture, promote networking and offer employees a platform to positively impact the community. To this end, we have established the "Community Investment Policy" to effectively manage our donation and sponsorship activities.

Community Investment Activities

The Group continuously collaborates with its partners to support community programmes that have a positive social impact. We are also dedicated to fostering our employees' sense of social responsibility by encouraging them to participate in volunteer service and charitable activities during both work and leisure time.

During 2024, the Group has donated and invested approximately HK$11,000 (2023: donated HK$8,000) in community development. Below are some of the activities that we have participated and engaged in:

Charity organisation/event	Donation Amount (HKD)
Charity sale at Hong Kong Federation of Handicapped Youth	$4,500
Tung Wah Group of Hospitals	$1,500
The Hong Kong Society for the Prevention of Cruelty to Animals	$1,500
Caritas Hong Kong	$1,500
World Vision Hong Kong	$2,000

In the future, we will continue to contribute to the community by seeking cooperation with charities, paying close attention to the difficulties and needs of the community, and proactively giving back to society with the goal of building a harmonious society.

CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	Board Statement and ESG Governance Structure
Reporting Principles	About The Environmental, Social and Governance Report – Reporting Framework
Reporting Boundary	About The Environmental, Social and Governance Report – Reporting Scope

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 greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI 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 – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Hazardous Wastes
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Non-hazardous Wastes
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Targets; Emissions – Air Emissions, GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Targets; Emissions – Hazardous Wastes, Non-hazardous Wastes

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
KPI 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 – Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Environmental Targets; Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Targets; Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials
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
KPI 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
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Physical Risks, Transition Risks

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
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Employee Benefits and Welfare
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
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety – Managing Safety Risk
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

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
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Training Programmes
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Training Programmes
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
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management – Green Procurement
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supply Chain Management
KPI 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 – Green Procurement
KPI 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 – Green Procurement

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility –Engaging with Customers
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility –Engaging with Customers
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption
KPI 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
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption – Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
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
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment – Community Investment Activities
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment – Community Investment Activities

CORPORATE GOVERNANCE PRACTICES

The board (the "Board") of directors (the "Director(s)") of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the shareholders of the Company (the "Shareholders"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as the basis of the Company's corporate governance practices.

Throughout the year ended 31 March 2024 (the "Year"), the Company has complied with the code provisions as set out in the CG Code, except for the code provision C.2.1 of the CG Code as noted hereunder.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code") as its code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all Directors and all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Year.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises six members, consisting of one executive Director, two non-executive Directors and three independent non-executive Directors.

Executive Director:

Mr. Lee Man Kwong *(Chairman)*

Non-Executive Directors:

Mr. Yau Pak Yue
Mr. Wong Siu Hung, Patrick *(Redesignated on 1 April 2024)*

Independent Non-Executive Directors:

Mr. Leung King Fai
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming

The biographical information of the Directors are set out on pages 5 to 8 of this annual report.

To the best knowledge of the Directors, there is no other financial, business, family or other material/relevant relationship(s) between the chairman of the Board and among members of the Board.

Pursuant to code provision C.1.5 of the CG Code, the Directors have disclosed to the Company at the time of their appointments and from time to time thereafter the number and nature of offices held in public companies or organisations, other significant commitments, and the identity of the public companies or organisations involved.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Lee Man Kwong is the chairman of the Board (the "Chairman") and the Company has not appointed a chief executive officer. The daily operations of the Group are delegated to the executive Directors and the senior management. The Board is of the view that the current management structure can effectively facilitate the Company's operations and business developments.

BOARD OF DIRECTORS (continued)

Independent Non-Executive Directors

During the Year, the Company has met the requirements of Rules 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

The Company has established mechanisms to ensure independent views and inputs are available to the Board, and ensure the independence of the Board as a critical measure to improve the efficiency of the Board, pursuant to code provision B.1.4 of the CG Code. The mechanisms include but is not limited to Directors' access to external professional advisers to obtain additional information and documents from the management on matters to be discussed at Board meetings. The implementation and effectiveness of such mechanism are annually reviewed by the Board.

Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code states that all Directors including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

All Directors (including the non-executive Directors and the independent non-executive Directors) are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

The procedure and process of appointment, re-election and removal of the Directors are laid down in the Bye-Laws of the Company (the "Bye-Laws"). The Nomination Committee is responsible for reviewing Board composition, making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, assessing the independence of independent non-executive Directors.

Under the Bye-Laws, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election.

Under the Bye-Laws, Mr. Wong Siu Hung, Patrick and Dr. Chan Yau Ching, Bob will retire by rotation from office and, being eligible, will offer themselves for re-election at the AGM.

The Board and the Nomination Committee have recommended their reappointment at the AGM. The Company's circular, sent together with this annual report, contains detailed information of the above recommended persons as required by the Listing Rules.

BOARD OF DIRECTORS (continued)

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including the non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations, while the non-executive Directors are responsible for scrutinizing the Group's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

The Directors have timely access to the information of the Company as well as the services and advice from the company secretary and senior management of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to its management team.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

Board meetings are scheduled to be held at approximately quarterly intervals and as required by business needs to discuss and review the overall strategy as well as the operation and financial performance of the Group and other duties of the Board. Four Board meetings and an annual general meeting were held during the Year. The Chairman also during the Year held a meeting with all independent non-executive Directors without the presence of other Directors. The attendance record of Directors are set out in the table herein. For regular Board meetings, notice of at least 14 days is given to all Directors to ensure that all Directors are given an opportunity to attend and to include matters for discussion in the agenda. Agenda and Board papers are normally sent to all Directors at least 3 days before each regular Board meeting to enable them to make informed decisions with adequate data. All Directors have full access to information of the Group and are able to obtain independent professional advice in performing their duties at the expense of the Company in appropriate circumstances or upon their request.

Minutes of all Board and committees meetings are kept by the company secretary of the Company (the "Company Secretary"). Draft minutes are circulated to all Directors or committee members for review and comment in a timely manner and final version for their records. Minutes are recorded in sufficient detail of the matters considered by the Board and decisions reached. The final versions of minutes/resolutions of the Board and the committees are available for inspection by Directors. Any matters which are material and/or substantial Shareholder(s) (as defined in the Listing Rules) or Directors and their close associates (as defined in the Listing Rules) with a material interest in or may cause potential conflicts of interests are discussed at physical Board meetings (instead of by circulating written resolutions of Directors) and relevant Directors will abstain from voting on the resolutions approving such transactions and are not counted in the quorum of the meetings.

BOARD OF DIRECTORS (continued)

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. The induction materials, including directors' manual and legal and regulatory update have been provided to the Directors upon appointment.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors will be arranged and reading materials on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Directors have participated in the following trainings pursuant to code provision C.1.4 of the CG Code during the Year:

Name of Directors	Type of Training
Executive Director	
Mr. Lee Man Kwong *(Chairman)*	A & B
Non-executive Directors	
Mr. Yau Pak Yue	A & B
Mr. Wong Siu Hung, Patrick *(Redesignated on 1 April 2024)*	A & B
Independent non-executive Directors	
Mr. Leung King Fai	A & B
Dr. Chan Yau Ching, Bob	A & B
Dr. Leung Hoi Ming	A & B

Notes:

Types of trainings

A: Attending training sessions, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

As at 31 March 2024 and the date of this report, the majority of the members of each committees are independent non-executive Directors and the list of the chairman and members of each board committee is set out in the below sections.

Audit Committee

The Audit Committee was established in 1999. The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The latest terms of reference adopted on 30 December 2022 are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors and one non-executive Director, at least one of whom possesses appropriate professional qualifications or accounting or related financial management expertise. During the Year, the arrangement of the Audit Committee fully complied with Rule 3.21 of the Listing Rules. As at the date of this report, the composition of the Audit Committee is as follows:

Mr. Leung King Fai (*Chairman)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming
Mr. Yau Pak Yue

The main duties of the Audit Committee are to assist the Board in, inter alia, reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment and re-appointment of external independent auditor, and arrangements to enable employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Board has also delegated the responsibility for reviewing the corporate governance related-matters of the Group to the Audit Committee.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

Audit Committee (continued)

During the Year, the Audit Committee held two meetings to discharge its responsibilities and review and discuss the following matters:

- interim and annual financial results and reports and significant issues on the financial reporting;
- remuneration, terms of engagement and independence of the Company's external independent auditor and re-appointment of the external independent auditor;
- audit and non-audit services and the relevant service fees proposed by the external auditor;
- corporate governance related-matters of the Group;
- effectiveness of the risk management and internal control systems and internal audit function; and
- any other business in accordance with its terms of reference.

The Audit Committee also met the external independent auditor twice during the Year. There was no disagreement between the Board and the Audit Committee on the selection and re-appointment of the Company' external auditor and they both have agreed to recommend the re-appointment of Mazars CPA Limited as the Company's external auditor for the ensuing year at the AGM.

Remuneration Committee

The Remuneration Committee was established in 2005. The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The latest terms of reference adopted on 30 December 2022 are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee currently comprises three independent non-executive Directors and one executive Director. As at the date of this report, the composition of the Remuneration Committee is as follows:

Mr. Leung King Fai *(Chairman)*
Mr. Lee Man Kwong
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

Remuneration Committee (continued)

The primary functions of the Remuneration Committee include, inter alia, making recommendations to the Board on the remuneration packages of individual executive Directors and senior management as well as the Group's remuneration policy and structure for all Directors and senior management; establishing transparent procedures for developing such remuneration policy structure to ensure that no director and/or any of his associates will participate in deciding his own remuneration; and reviewing and/or approving matters relating to the share schemes as stipulated in Chapter 17 of the Listing Rules.

The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

Since there were no shares granted under the Share Option Scheme (as defined in the Report of the Directors), no material matters relating to the Share Option Scheme under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Year.

During the Year, the Remuneration Committee held one meeting to review the remuneration packages of all Directors and senior management, make recommendation to the Board on the Group's remuneration policy and structure and transact any other business in accordance with its terms of reference.

Remuneration Bands of Senior Management

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the senior management by band for the Year is set out below:

Remuneration by Band	Number of Individuals
HK$Nil to HK$1,000,000	2

Details of emoluments of Directors and the five highest paid individuals are set out in Note 10 to the consolidated financial statements for the Year in this annual report.

Details of the Employees and Remuneration Policy of the Group are also set out in the "Employees and Remuneration Policy" section contained in the Management Discussion and Analysis of this annual report.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

Nomination Committee

The Nomination Committee was established in 2012. The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The latest terms of reference adopted on 30 December 2022 are available on the websites of the Stock Exchange and the Company.

The Nomination Committee currently comprises one executive Director and three independent non-executive Directors. As at the date of this report, the composition of the Nomination Committee is as follows:

Mr. Lee Man Kwong *(Chairman)*
Mr. Leung King Fai
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming

The principal duties of the Nomination Committee include, inter alia, reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, considering the selection criteria of Directors and developing procedures for nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects and factors concerning Board diversity as set out in the Company's Board Diversity Policy (the "Board Diversity Policy"). During the Year, Nomination Committee has discussed and considered the measurable objectives for achieving diversity on the Board.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Nomination Policy of the Company (the "Nomination Policy") that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Year, the Nomination Committee held one meeting to review the structure, size and composition of the Board, the Nomination Policy, the Board Diversity Policy, contribution by each Director to perform his responsibilities and the independence of the independent non-executive Directors, to consider the qualifications of the retiring Directors for re-election at the annual general meeting held on 22 September 2023 and transact any other business in accordance with its terms of reference. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

Board Diversity Policy

The Company has adopted the Board Diversity Policy which sets out the approach to achieve diversity on the Board. The Board Diversity Policy is available for viewing on the website of the Company. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

For the purpose of implementation of the Board Diversity Policy, the following are the measurable objectives:

Selection of candidates to the Board will be based on a series of diversity attributes, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the merit and contribution that the candidates will bring to the Board. The Board aims at comprising Directors with different diversity attributes and being commensurate with both the nature and scale of business of the Group.

The Nomination Committee reviews the Board Diversity Policy, as appropriate, to ensure its effectiveness. During the Year, the Board, via the Nomination Committee, conducted an annual review of the implementation and effectiveness of the Board Diversity Policy and is satisfied that the Board Diversity Policy has been properly implemented and is effective.

The Nomination Committee will review annually the structure, size and composition (including the skills, knowledge and experience) of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile.

In relation to the reviewing and assessing of the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. By adopting such criteria, it facilitates the Company to develop a pipeline of candidates to the Board to achieve gender diversity.

During the Year, the Board composition has been reviewed and is considered to be satisfied, having regard to the independence and the Board Diversity Policy.

Gender Diversity

The Company values gender diversity. As of 31 March 2024:

At Board level:
The proportion of female Board representation is a measurable objective of the Company in assessing the implementation of the Board Diversity Policy. The Board recognises the importance of the Board gender diversity for enhancing the corporate governance system and strategic decisions in the boardroom.

All Board members are males. The Board will take opportunity to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments to ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity.

In order to achieve gender diversity on the Board level, the Board proposed to appoint Ms. Lin Ying as an independent non-executive Director, subject to the approval by shareholders at the AGM. The biographical details of Ms. Lin to be disclosed pursuant to the Listing Rules are set out in the circular dated 26 July 2024.

At workforce level:
The Group's overall workforce gender ratio was about 1:2.02 male to female. The higher female ratio is mainly due to the gender availability in the market. While striving to narrow the gender gap of our operations staff, we take into account other factors inclusive of qualifications and skills in determining qualified individual beside gender considerations. Details of gender ratio of the workforce (including senior management) ,being a measurable objective for gender diversity, have been achieved and are set out in the Environmental, Social and Governance Report for the Year in this annual report.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

Nomination Policy

The Board has delegated its responsibilities and authority to the Nomination Committee of the Company for identification and selection of candidates to stand for election as Directors. The Company has adopted the Nomination Policy that sets out the principles which guide the Nomination Committee to identify and evaluate a candidate for nomination to (i) the Board for appointment or (ii) the Shareholders for election as a Director.

The nomination policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the Year, no candidate was nominated for directorship.

The Nomination Committee will review the nomination policy, as appropriate, to ensure its effectiveness.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

The attendance record of each Director at the Board and Board committee meetings and the annual general meeting of the Company held during the Year is set out in the table below:

	Attendance/Number of Meetings				
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting held on 22 September 2023**
Executive Director					
Mr. Lee Man Kwong	4/4	N/A	1/1	1/1	1/1
Non-executive Directors					
Mr. Yau Pak Yue	4/4	2/2	N/A	N/A	1/1
Mr. Wong Siu Hung, Patrick *(Redesignated on 1 April 2024)*	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Leung King Fai	4/4	2/2	1/1	1/1	1/1
Dr. Chan Yau Ching, Bob	4/4	2/2	1/1	1/1	1/1
Dr. Leung Hoi Ming	4/4	2/2	1/1	1/1	1/1

The Chairman also held a meeting with all independent non-executive Directors without the presence of the other Directors during the Year.

All independent non-executive Directors attended the annual general meeting of the Company held on 22 September 2023 to gain and develop a balanced understanding of the view of the Shareholders.

CORPORATE GOVERNANCE FUNCTIONS

The Board recognises that corporate governance should be the collective responsibility of Directors and their corporate governance duties include those set out in code provision A.2.1 of the CG Code:

(a) to develop, review and implement the Company's policies and practices on corporate governance;

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

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

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

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

During the Year, the Board reviewed and performed the abovementioned corporate governance functions.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks, including environmental, social and governance ("ESG") risks, it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions.

REGULAR INTERNAL CONTROL REVIEW

Given the current operation of the Group, no internal audit department has been set up within the Group. The Group's risk management and internal control systems are reviewed once a year by an external independent internal control consultant. During the Year, the Board engaged an external independent internal control consultant (the "Internal Control Consultant") to perform a review of the Group's internal controls (the "Internal Controls Review") and assist the Company to perform a Group's risk assessment. The scope of work of the Internal Control Consultant was to conduct a gap analysis of the Company's risk management and internal control systems to identify potential areas of improvement, and to perform a high-level Internal Controls Review (through interviews with designated responsible personnel and examined relevant documents) of certain business processes to identify potential internal controls design gaps, and to recommend practical actions to be taken. The Internal Control Consultant adopts a risk-based approach in developing the annual internal audit work plan and reports Internal Control Review observations to the Audit Committee on an annual basis.

REGULAR INTERNAL CONTROL REVIEW (continued)

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Year.

The Board, as supported by the Audit Committee as well as the management report and the Internal Control Review findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the Year, and considered that such systems are effective and adequate. The annual review also covered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

A discussion on the principal risks and uncertainties of the Group are set out in Note 30 to the consolidated financial statements in this annual report.

Whistleblowing procedures are in place to facilitate employees and other stakeholders including but not limited to customers and suppliers of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company conducts its business affairs according to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Future Commission. The Company strictly prohibits the unauthorised use of confidential or inside information by Directors, employees and other relevant persons (for example external service providers and project working team members).

The Board is responsible for the handling and dissemination of inside information. In order to ensure the market, shareholders and stakeholders are fully and promptly informed about the material developments in the Company's business, the Board has adopted continuous disclosure policy and procedures to handle proper information disclosure. Release of inside information is subject to the approval of the Board. All staff of the Company shall not communicate inside information to any external parties unless with approval from the Board. As such, staff shall not respond to market speculation and rumours unless authorised. In addition, all external presentation materials or publication must be pre-vetted before released.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Year.

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

The report of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 72 to 77.

AUDITOR'S REMUNERATION

The remuneration paid to the Company's external independent auditor of the Company, Mazars CPA Limited, in respect of audit services and non-audit services for the Year was as follows:

	2024 HK$'000
Audit services	1,100
Non-audit services	310
	1,410

NATURE OF NON-AUDIT SERVICES

The non-audit services provided by the auditor of the Company for the year ended 31 March 2024 included (i) agreed-upon procedures on interim financial information for the six months ended 30 September 2023; (ii) attending the annual general meeting of the Company held on 22 September 2023 and (iii) the agreed-upon procedures on preliminary announcement of annual results for the year ended 31 March 2024.

The Audit Committee is of the view that the auditor's independence was not affected by the provision of non-audit related services.

COMPANY SECRETARY

Mr. Ng Yu Ho, the Company Secretary, is responsible for providing advice to the Company on corporate governance matters and relevant updates on applicable laws, rules and regulations so as to uphold good corporate governance practices of the Company. All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters. Mr. Ng has attended not less than 15 hours training as per the requirement under Rule 3.29 of the Listing Rules.

Mr. Ng's primary contact person at the Company is Mr. Lee Man Kwong, being the Chairman and executive Director.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

SHAREHOLDERS' RIGHTS (continued)

Convening a Special General Meeting

Shareholder(s) holding not less than one-tenth (1/10) of the paid-up capital of the Company can deposit with either the registered office or the head office of the Company a written request to convene a special general meeting ("SGM") of the Company for the attention of the chairman of the Board.

The written request must state the purposes of the SGM, signed by the shareholders concerned with correspondence details of those shareholders and may consist of several documents in like form, each signed by one or more of those shareholders.

If the Board does not within 21 days from the date of the deposit of the written request proceed duly to convene a SGM for a day not more than 28 days after the date on which the notice convening the SGM is given, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of the deposit of the written request.

Putting Forward Proposals at General Meetings

Any number of shareholders representing not less than one-twentieth (1/20) of the total voting rights of all shareholders of the Company having at the date of the requisition a right to vote at the meeting to which the requisition relates or not less than 100 shareholders of the Company could make a written request to the Company at the expense of those shareholders making the written request to give to shareholders notice of any resolution which may properly be moved and is intended to be moved at an annual general meeting, or to circulate to shareholders any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

The written request must be signed by all the shareholders concerned in one or more documents in like form and deposited at the registered office or the head office of the Company for the attention of the Chairman of the Board not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition.

With regard to the procedures for shareholders to propose a person for election as a director of the Company at any general meeting, please refer to the document named "Procedures Shareholders can Use to Propose a Person for Election as a Director" as posted on the Company's website at www.irasia.com/listco/hk/daisho.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Unit A, 10/F, Fook Hing Industrial Building, 33 Lee Chung Street, Chai Wan, Hong Kong (For the attention of the Chairman of the Board)
Email:	dminfo@dmgroup567.com
Fax:	(852) 2953 0322

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

Constitutional Documents

There was no change in the constitutional documents of the Company during the Year.

Policies relating to Shareholders

Shareholder Communication Policy

The Company values communication with its shareholders and investors. The Company has adopted a shareholder communication policy (the "Shareholders Communication Policy") with an aim to ensure all Shareholders and investors have equal and timely access to the Company information. Principal channels of communication used by the Company during the Year are set out below:

(a) Annual general meeting;

(b) Financial reports and announcements;

(c) Notice of meeting; and

(d) Company website.

During the Year, the Board conducted a review of the implementation and effectiveness of the Shareholders Communication Policy. Having considered the available channels of communication in place as detailed above, the Board is satisfied that the Shareholders Communication Policy has been properly implemented and is effective.

Dividend Policy

The Company has adopted a dividend policy, which sets out the approach for the declaration and payment of dividend by the Board. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

forvis mazars

MAZARS CPA LIMITED
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To the members of **Daisho Microline Holdings Limited**
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Daisho Microline Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 78 to 148, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss, 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 financial position of the Group as at 31 March 2024, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and intangible assets (the "Non-financial Assets")	
As at 31 March 2024, the net carrying amount of the Group's Non-financial Assets relating to the printing and packaging products business segment (the "Printing CGU") amounted to approximately HK$27,481,000. The management of the Group performed assessment at the end of each reporting period to consider whether there is any indication that the Non-financial Assets relating to the Printing CGU may be impaired. For the purpose of assessing impairment, the Group engaged an independent professional valuer to provide assistance in assessing the recoverable amount of the Printing CGU. The recoverable amount of the Printing CGU was determined by the management with reference to value-in-use calculation using cash flow projections. We have identified the impairment assessment of the Non-financial Assets as a key audit matter because of their significance to the consolidated financial statements and the significant judgement involved in determining assumptions and involved high level of uncertainty. Related disclosures are included in Notes 4(i), 12 and 13 to the consolidated financial statements.	Our key procedures, among others, included: a) Obtaining an understanding of and evaluating the design, and determining the implementation of the Group's key internal controls over the impairment assessment of the Non-financial Assets; b) Assessing the appropriateness of using value-in-use calculation in estimating the recoverable amount of the Non-financial Assets; c) Evaluating the competence, capabilities and objectivity of the independent professional valuer; d) Assessing the appropriateness of the methodologies used by the independent professional valuer; e) Evaluating the reasonableness of key assumptions based on our knowledge of the industry and market and checking arithmetic accuracy of the cash flow forecasts calculation; f) Involving our internal valuation specialists to assist us in assessing the appropriateness of methodology and reasonableness of significant assumption used in the impairment assessment of the Non-financial Assets; and g) Checking, on a sample basis, the accuracy and relevance of the input data provided by management to the independent professional valuer.

Key Audit Matters (continued)

Key audit matter

Expected credit losses ("ECL") assessment of trade receivables and loan to a joint venture (included in "Interests in a joint venture)

As at 31 March 2024, the Group has trade receivables of approximately HK$24,806,000 (net of loss allowance of approximately HK$588,000) and loan to a joint venture of approximately HK$18,751,000 (net of loss allowance of approximately HK$1,093,000).

At each reporting date, the management of the Group estimates the amounts of ECL on trade receivables and loan to a joint venture based on historical data and are adjusted for forward-looking information that are specific to each debtor.

The management of the Group has considered reasonable and supportable information that is relevant and available without undue cost and effort for this purpose. Such assessment has taken the quantitative and qualitative historical information and also, the forward-looking analysis.

We have identified ECL assessment of trade receivables and loan to a joint venture as a key audit matter because the respective balances were significant to the consolidated financial statements and the ECL assessment of these balances required significant judgement and involved high level of uncertainty.

Related disclosures are included in Notes 4(iii), 14, 17 and 30 to the consolidated financial statements.

How our audit addressed the key audit matter

Our key procedures, among others, included:

a) Understanding of the Group's credit risk management and practices and assessing the Group's impairment provisioning policy in accordance with the requirements of applicable accounting standards;

b) Assessing the application of impairment methodology of ECL, and checking the assumptions and key parameters to external data sources where available;

c) Assessing and challenging the reasonableness and relevancy of the external information used by the Group as the forward-looking information;

d) Involving our internal valuation specialists to assist us in assessing the appropriateness of methodology and reasonableness of significant assumptions used in ECL assessment of trade receivables and loan to a joint venture;

e) Testing the integrity of information used by management of the Group including testing individual debtors' credit assessment, on a sample basis, through analysing their nature, size and past due status with the underlying supporting documents and comparing the internal credit assessment made by management of the Group on these debtors;

f) Checking the aging profile of the trade receivables at the end of the reporting period, on a sample basis, to underlying accounting records and supporting documents; and

g) Checking the calculation of ECL based on the methodology adopted by the Group and adequacy of the Group's disclosures in relation to credit risk exposed by the Group in the consolidated financial statements.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2023–2024 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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 skepticism throughout the audit. We also:

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

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

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

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

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

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

We communicate with 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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.

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 and 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.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 25 June 2024

The engagement director on the audit resulting in this independent auditor's report is:
Tsoi Wa Shan
Practising Certificate number: P07514

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	5	**85,584**	83,758
Cost of sales		**(67,863)**	(67,758)
Gross profit		**17,721**	16,000
Other income	7	**3,483**	4,305
Selling and distribution expenses		**(4,014)**	(4,718)
Administrative expenses		**(27,525)**	(26,754)
Other operating expenses		**(21)**	(112)
(Provision for) Reversal of impairment loss on trade receivables, net	30	**(234)**	248
Impairment loss on loan to a joint venture	14	**(1,093)**	–
Impairment loss on other receivables	18(a)	**–**	(937)
Loss on de-consolidation of a subsidiary	26(a)	**–**	(16,214)
Gain on deregistration of subsidiaries	26(b)	**–**	2,101
Share of results of a joint venture	14	**(158)**	479
Finance costs	8	**(32)**	(266)
Loss before taxation	8	**(11,873)**	(25,868)
Income tax expense	9	**–**	(149)
Loss for the year		**(11,873)**	(26,017)
Loss per share			
Basic (Hong Kong cents)	11	**(0.74)**	(1.61)
Diluted (Hong Kong cents)	11	**(0.74)**	(1.61)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2024

	Note	2024 HK$'000	2023 HK$'000
Loss for the year		**(11,873)**	(26,017)
Other comprehensive (loss) income:			
Item that will not be reclassified to profit or loss:			
Change in fair value of other long-term investments		–	3,969
Items that may be/have been reclassified subsequently to profit or loss:			
Exchange difference on translation of functional currency to presentation currency		**(228)**	(2,418)
Release of exchange translation reserve upon deregistration of subsidiaries	26(b)	–	(2,281)
Total other comprehensive loss for the year		**(228)**	(730)
Total comprehensive loss for the year		**(12,101)**	(26,747)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Note	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	12	**27,565**	28,816
Intangible assets	13	**103**	411
Interests in a joint venture	14	**19,228**	20,479
Deferred tax assets	23	**–**	224
		46,896	49,930
Current assets			
Inventories	16	**6,058**	13,112
Trade and bills receivables	17	**24,836**	14,987
Other receivables, deposits and prepayments	18	**9,428**	16,968
Tax recoverable		**286**	–
Cash and cash equivalents	19	**37,605**	49,606
		78,213	94,673
Current liabilities			
Trade payables	20	**16,342**	22,272
Other payables and accruals	21	**14,703**	15,229
Lease liabilities	22	**237**	748
Tax payable		**–**	127
		31,282	38,376
Net current assets		**46,931**	56,297
Total assets less current liabilities		**93,827**	106,227
Non-current liabilities			
Lease liabilities	22	**–**	237
Deferred tax liabilities	23	**14**	76
		14	313
NET ASSETS		**93,813**	105,914

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Note	2024 HK$'000	2023 HK$'000
Capital and reserves			
Share capital	24	**161,328**	161,328
Reserves	25	**(67,515)**	(55,414)
TOTAL EQUITY		**93,813**	105,914

The consolidated financial statements on pages 78 to 148 were approved and authorised for issue by the Board of Directors on 25 June 2024 and signed on its behalf by

Lee Man Kwong
Director

Wong Siu Hung, Patrick
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2024

		Reserves						
	Share capital HK$'000 (Note 24)	Share premium HK$'000 (Note 25(a))	Contributed surplus HK$'000 (Note 25(b))	Exchange translation reserve HK$'000 (Note 25(c))	FVOCI reserve HK$'000 (Note 25(d))	Accumulated losses HK$'000	Sub-total HK$'000	Total HK$'000
At 1 April 2022	161,328	134,154	9,379	88,757	(24,219)	(236,738)	(28,667)	132,661
Loss for the year	–	–	–	–	–	(26,017)	(26,017)	(26,017)
Other comprehensive income (loss)								
Item that will not be reclassified to profit or loss:								
Change in fair value of other long-term investments	–	–	–	–	3,969	–	3,969	3,969
Item that may be/have been reclassified subsequently to profit or loss:								
Exchange difference on translation of functional currency to presentation currency	–	–	–	(2,418)	–	–	(2,418)	(2,418)
Release of exchange reserve upon deregistration of subsidiaries (Note 26(b))	–	–	–	(2,281)	–	–	(2,281)	(2,281)
Total other comprehensive loss for the year	–	–	–	(4,699)	3,969	–	(730)	(730)
Total comprehensive loss for the year	–	–	–	(4,699)	3,969	(26,017)	(26,747)	(26,747)
Transaction with owners								
Contributions and distributions								
Transfer to accumulated losses upon disposal of other long-term investments	–	–	–	–	20,250	(20,250)	–	–
At 31 March 2023	161,328	134,154	9,379	84,058	–	(283,005)	(55,414)	105,914
At 1 April 2023	**161,328**	**134,154**	**9,379**	**84,058**	**–**	**(283,005)**	**(55,414)**	**105,914**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(11,873)**	**(11,873)**	**(11,873)**
Other comprehensive loss								
Item that may be reclassified subsequently to profit or loss:								
Exchange difference on translation of functional currency to presentation currency	**–**	**–**	**–**	**(228)**	**–**	**–**	**(228)**	**(228)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(228)**	**–**	**(11,873)**	**(12,101)**	**(12,101)**
At 31 March 2024	**161,328**	**134,154**	**9,379**	**83,830**	**–**	**(294,878)**	**(67,515)**	**93,813**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2024

	Note	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(11,873)**	(25,868)
Adjustments for:			
Amortisation of intangible assets		**308**	308
Depreciation		**4,288**	5,332
Finance costs		**32**	266
Impairment loss on loan to a joint venture	14	**1,093**	–
Impairment loss on other receivables	18(a)	**–**	937
Interest income		**(250)**	(176)
(Gain) Loss on disposal of property, plant and equipment, net		**(5)**	87
Write-off of property, plant and equipment		**21**	–
Loss on de-consolidation of a subsidiary	26(a)	**–**	16,214
Gain on deregistration of subsidiaries	26(b)	**–**	(2,101)
Provision for (Reversal of) impairment loss on trade receivables, net	30	**234**	(248)
Share of results of a joint venture	14	**158**	(479)
Operating cash flows before changes in working capital		**(5,994)**	(5,728)
Changes in working capital:			
Inventories		**6,731**	(3,801)
Trade and bills receivables		**(10,361)**	3,542
Other receivables, deposits and prepayments		**7,445**	2,001
Trade payables		**(5,388)**	9,040
Other payables and accruals		**(225)**	2,362
Cash (used in) generated from operations		**(7,792)**	7,416
Income tax paid		**(256)**	(753)
Interest received		**52**	176
Net cash (used in) from operating activities		**(7,996)**	6,839
INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment		**(3,256)**	(555)
Proceeds from disposal of property, plant and equipment		**51**	7
Proceeds from disposal of other long-term investments		**–**	9,690
Cash outflow arising from de-consolidation of a subsidiary	26(a)	**–**	(68)
Subscription of interests in a joint venture	14	**–**	(156)
Loan to a joint venture	14	**–**	(19,844)
Net cash used in investing activities		**(3,205)**	(10,926)

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2024

	Note	2024 HK$'000	2023 HK$'000
FINANCING ACTIVITIES	28(b)		
Repayment for lease liabilities		**(748)**	(798)
Interest paid		**(32)**	(266)
Net cash used in financing activities		**(780)**	(1,064)
Net decrease in cash and cash equivalents		**(11,981)**	(5,151)
Cash and cash equivalents at the beginning of the reporting period		**49,606**	55,012
Effect of foreign exchange rate changes, net		**(20)**	(255)
Cash and cash equivalents at the end of the reporting period	19	**37,605**	49,606

1. GENERAL INFORMATION

Daisho Microline Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its principal place of business is located at Unit A, 10/F, Fook Hing Industrial Building, 33 Lee Chung Street, Chai Wan, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investments holding, manufacturing and trading of printed circuit boards, trading of petroleum and energy products and related business and manufacturing and trading of printing and packaging products. The principal activities of its subsidiaries are set out in Note 15 to the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in Note 3 to the consolidated financial statements. A summary of the principal accounting policies adopted by the Group is set out below.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

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.

Changes in ownership interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

When the Group loses control of a subsidiary, the profit or loss on disposal 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 determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the holding company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset or liability, an associate, a joint venture or others, as appropriate, from the date when control is lost.

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 which is presented within these notes, interests in subsidiaries are stated at cost less impairment loss. The carrying amounts of the interests are reduced to their respective recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's interests in a joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on an acquisition of a joint venture is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired joint venture. Such goodwill is included in interests in a joint venture. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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 lease term (i.e. 2 years to 19.5 years)
Machinery and equipment	10 years
Furniture and fixtures	5 years
Motor vehicles	3-5 years
Computers	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.

Intangible assets

Intangible assets acquired in a business combination – customer relationships

Customer relationships acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, the customer relationships acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is calculated using the straight-line method over the expected lives of the customer relationships, which are determined to be 4 years.

The customer relationships are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of the customer relationships, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

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.

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 the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("Mandatory FVOCI"); (iii) equity investment measured at fair value through other comprehensive income ("Designated FVOCI"); or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and bills receivables, other receivables and deposits, loan to a joint venture (included in interests in a joint venture) and cash and cash equivalents.

Financial liabilities

Recognition and derecognition

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

A financial liability categorised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade payables, other payables and accruals and lease liabilities. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost issued to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information
(ii) nature of instrument
(iii) industry of debtors
(iv) geographical location of debtors
(v) external credit risk ratings where available

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) 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); or

(ii) there is a breach of financial covenants by the counterparty.

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Assessment of significant increase in credit risk

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

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the receivables for which the Group has reasonable and supportable information to demonstrate that previous non-payments were an administrative oversight, instead of resulting from financial difficulty of the borrower, or that there is no correlation between significant increases in the risk of a default occurring and financial assets on which payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Bill receivables guaranteed by banks and cash and cash equivalent are determined to have low credit risk.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Simplified approach of ECL

For trade receivables without significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

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.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

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, if any.

2. PRINCIPAL ACCOUNTING POLICIES (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 as follows:

(a) Manufacturing and trading of printed circuit boards;

(b) Trading of petroleum and energy products and related business; and

(c) Manufacturing and trading of printing and packaging products.

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 good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good 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 a promised good 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 a good 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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers within HKFRS 15 (continued)

Timing of revenue recognition (continued)

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.

Sale of goods is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered and title has been passed.

Revenue from other sources

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

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 a good or service 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.

Foreign currency translation

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 Hong Kong dollars ("HK$") and majority of its subsidiaries used HK$ as their functional currency, except for the subsidiaries operated in the People's Republic of China (the "PRC") and Singapore, which have Renminbi ("RMB") and Singapore dollars ("SG$") and/or United States dollars ("US$") as their functional currency. The consolidated financial statements are presented in 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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

The results and financial position of all the Group's 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 the average exchange rates.

- 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, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, 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.

- On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment (including right-of-use assets), intangible assets, interests in a joint venture and the Company's investments in subsidiaries 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. a 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 losses 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 losses is recognised as an income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

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.

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 years 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 credited to a deferred income account/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.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan and the proceeds received.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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 accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset (presented in property, plant and equipment) and a lease liability at the commencement date of the lease.

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 of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Leased properties	2 to 19.5 years

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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Leases (continued)

As lessee (continued)

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.

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.

A lease modification is accounted for as a separate lease if:

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

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Leases (continued)

As lessee (continued)

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;

(b) the Group determines the lease term of the modified contract;

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; and

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor – operating lease

Rental income from leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Employee benefits

Short term employee benefits

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

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as expenses in profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior the contributions are vested fully in those employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

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 arises 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 is not recognised.

The deferred tax liabilities and assets 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 interest in subsidiaries, associates and joint ventures, 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.

2. PRINCIPAL ACCOUNTING POLICIES (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.

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 Group 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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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, which is the Group's chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various geographical locations.

Individually 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 nature of production processes, 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.

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [1]
Amendments to HKAS 1	Non-current Liabilities with Covenants [1]
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause [1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements [1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback [1]
Amendments to HKAS 21	Lack of Exchangeability [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 The effective date to be determined

The directors of the Company do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the consolidated financial statements of the Group.

3. ADOPTION OF NEW/REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The adoption of those new/revised HKFRSs does not have any significant impact on the Group's consolidated financial statements for current and prior periods.

4. 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

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets, including property, plant and equipment, right-of-use assets and intangible assets, at the end of each reporting period in accordance with the accounting policies as disclosed in Note 2 to the consolidated financial statements. In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined as the greater of the fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. Owing to inherent risk associated with estimations in the timing and amounts of the future cash flows and fair value less costs of disposal, the estimated recoverable amount of the asset may be different from the amount actually received and profit or loss could be affected by accuracy of the estimations.

(ii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In cases where the actual future profits generated are different from the original estimate, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss in the period in which such estimate is changed.

(iii) Loss allowance for ECL

The Group's management estimates the loss allowance for financial assets at amortised cost including trade and bills receivables, other receivables and deposits, loan to a joint venture (included in interests in a joint venture) and cash and cash equivalents 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 historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of financial assets at amortised cost.

(iv) Useful lives of property, plant and equipment and intangible assets

The management determines the estimated useful lives of the Group's property, plant and equipment, and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(v) Impairment of interests in a joint venture

The Group assesses annually if interests in a joint venture disclosed in Note 14 to the consolidated financial statements has suffered any impairment in accordance with HKAS 36. Details of the approach are stated in the accounting policies as disclosed in Note 2 to the consolidated financial statements. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of the joint venture would affect the estimation of impairment loss and cause the adjustment of its carrying amounts.

Critical accounting judgement

(i) Classification of a joint arrangement

As disclosed in Note 14 to the consolidated financial statements, the Group invested in Noricap Fund G.P. Limited ("Noricap Fund") during the year ended 31 March 2023. The Group has 40% equity interest in Noricap Fund and the key strategic financial and operating decisions in relation to Noricap Fund's operation require the unanimous consent of all board members appointed by all the investors of Noricap Fund. The Group has the right to appoint 1 out of 2 board members of Noricap Fund. The directors of the Company assessed whether the Group has control over Noricap Fund based on whether the Group has the practical ability to direct the relevant activities of Noricap Fund unilaterally. After assessment, the directors of the Company concluded that neither the Group nor the joint venture partner has the ability to control Noricap Fund unilaterally and Noricap Fund is therefore considered as jointly controlled by the Group and the joint venture partner. Pursuant to the terms of the contractual arrangement, the Group has the rights to the net assets of Noricap Fund. Accordingly, the investment in Noricap Fund is classified as a joint venture of the Group and accounted for using equity method.

5. REVENUE

	2024 **HK$'000**	2023 HK$'000
Revenue from contracts with customers within HKFRS 15		
Manufacturing and trading of printed circuit boards	**26,548**	30,801
Manufacturing and trading of printing and packaging products	**59,036**	52,957
	85,584	83,758

5. REVENUE (continued)

In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

Year ended 31 March 2024	**Manufacturing and trading of printed circuit boards HK$'000**	**Manufacturing and trading of printing and packaging products HK$'000**	**Total HK$'000**
Geographical region:			
– Hong Kong	**3,992**	**53,384**	**57,376**
– Europe	**14,895**	**4,689**	**19,584**
– The PRC	**5,388**	**963**	**6,351**
– South Korea	**1,481**	**–**	**1,481**
– North America	**637**	**–**	**637**
– Other countries	**155**	**–**	**155**
	26,548	**59,036**	**85,584**
Timing of revenue recognition:			
– at a point in time	**26,548**	**59,036**	**85,584**
Type of transaction price:			
– fixed price	**26,548**	**59,036**	**85,584**

Year ended 31 March 2023	Manufacturing and trading of printed circuit boards HK$'000	Manufacturing and trading of printing and packaging products HK$'000	Total HK$'000
Geographical region:			
– Hong Kong	3,197	42,857	46,054
– Europe	4,020	7,906	11,926
– The PRC	8,079	2,194	10,273
– South Korea	2,235	–	2,235
– North America	12,979	–	12,979
– Other countries	291	–	291
	30,801	52,957	83,758
Timing of revenue recognition:			
– at a point in time	30,801	52,957	83,758
Type of transaction price:			
– fixed price	30,801	52,957	83,758

6. SEGMENT INFORMATION

The directors of the Company have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments. Based on risks and returns and the Group's internal financial reporting, the directors of the Company consider that the operating segments of the Group comprise:

(i) Manufacturing and trading of printed circuit boards;

(ii) Trading of petroleum and energy products and related business;

(iii) Manufacturing and trading of printing and packaging products; and

(iv) Investments in funds.

Segment results represent the results before taxation earned by each segment without allocation of certain other income generated, certain administrative expenses and other operating expenses incurred by the corporate office, loss on de-consolidation of a subsidiary, gain on deregistration of subsidiaries and finance costs.

All assets are allocated to reportable segments other than unallocated assets which are mainly cash and cash equivalents and other corporate assets. All liabilities are allocated to reportable segments other than other corporate liabilities.

6. SEGMENT INFORMATION (continued)

In determining the Group's geographical segments, revenue is attributed to the segments based on the location of customers; assets and capital expenditure are attributed to the segments based on the locations of the assets.

(A) By Business Segments

Year ended 31 March 2024

	Manufacturing and trading of printed circuit boards HK$'000	Trading of petroleum and energy products and related business HK$'000	Manufacturing and trading of printing and packaging products HK$'000	Investments in funds HK$'000	Consolidated HK$'000
Segment revenue					
Major customer A	–	–	35,229	–	35,229
Major customer B	15,532	–	–	–	15,532
Other customers	11,016	–	23,807	–	34,823
	26,548	–	59,036	–	85,584
Segment results	(2,887)	–	2,142	(1,251)	(1,996)
Unallocated other income					349
Unallocated administrative expenses					(10,194)
Finance costs					(32)
Loss before taxation					(11,873)
Income tax expense					–
Loss for the year					(11,873)

6. SEGMENT INFORMATION (continued)

(A) By Business Segments (continued)

Year ended 31 March 2023

	Manufacturing and trading of printed circuit boards HK$'000	Trading of petroleum and energy products and related business HK$'000	Manufacturing and trading of printing and packaging products HK$'000	Investments in funds HK$'000	Consolidated HK$'000
Segment revenue					
Major customer A	–	–	24,428	–	24,428
Major customer B	12,979	–	–	–	12,979
Other customers	17,822	–	28,529	–	46,351
	30,801	–	52,957	–	83,758
Segment results	(115)	(79)	(832)	479	(547)
Unallocated other income					94
Unallocated administrative expenses					(11,009)
Unallocated other operating expenses					(27)
Loss on de-consolidation of a subsidiary					(16,214)
Gain on deregistration of subsidiaries					2,101
Finance costs					(266)
Loss before taxation					(25,868)
Income tax expense					(149)
Loss for the year					(26,017)

A major customer is a customer (including a group of entities under common control) with whom revenue from transactions amounted to 10% or more of the Group's revenue.

6. SEGMENT INFORMATION (continued)

(A) By Business Segments (continued)

An analysis of the Group's assets and liabilities by operating segments is set out below:

At 31 March 2024

	Manufacturing and trading of printed circuit boards HK$'000	Trading of petroleum and energy products and related business HK$'000	Manufacturing and trading of printing and packaging products HK$'000	Investments in funds HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment assets	16,914	3,488	83,745	19,228	1,734	125,109
Segment liabilities	13,217	282	16,810	–	987	31,296
Other segment information:						
Amortisation of intangible assets	–	–	(308)	–	–	(308)
Depreciation	–	–	(3,605)	–	(683)	(4,288)
Impairment loss on loan to a joint venture	–	–	–	(1,093)	–	(1,093)
Impairment loss on trade receivables, net	(33)	–	(201)	–	–	(234)
Gain on disposal of property, plant and equipment, net	–	–	5	–	–	5
Write-off of property, plant and equipment	–	–	(21)	–	–	(21)
Share of results of a joint venture	–	–	–	(158)	–	(158)
Additions to property, plant and equipment (including right-of-use assets)	–	–	3,256	–	–	3,256

6. SEGMENT INFORMATION (continued)

(A) By Business Segments (continued)

At 31 March 2023

	Manufacturing and trading of printed circuit boards HK$'000	Trading of petroleum and energy products and related business HK$'000	Manufacturing and trading of printing and packaging products HK$'000	Investments in funds HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment assets	25,514	3,488	81,267	20,479	13,855	144,603
Segment liabilities	17,504	282	19,139	–	1,764	38,689
Other segment information:						
Amortisation of intangible assets	–	–	(308)	–	–	(308)
Depreciation	(1,206)	(37)	(3,373)	–	(716)	(5,332)
Loss on de-consolidation of a subsidiary	–	–	–	–	(16,214)	(16,214)
Gain on deregistration of subsidiaries	–	–	–	–	2,101	2,101
Impairment loss on other receivables	(937)	–	–	–	–	(937)
(Provision for) Reversal of impairment loss on trade receivables, net	(83)	–	331	–	–	248
Loss on disposal of property, plant and equipment, net	–	(20)	(65)	–	(2)	(87)
Share of results of a joint venture	–	–	–	479	–	479
Additions to property, plant and equipment (including right-of-use assets)	–	–	668	–	1,368	2,036

6. SEGMENT INFORMATION (continued)

(B) Geographical Information

(i) Revenue form external customers

	2024 HK$'000	2023 HK$'000
Hong Kong	**57,376**	46,054
Europe	**19,584**	11,926
The PRC	**6,351**	10,273
South Korea	**1,481**	2,235
North America	**637**	12,979
Other countries	**155**	291
	85,584	83,758

The revenue information is based on the locations of the customers.

(ii) Non-current assets

	2024 HK$'000	2023 HK$'000
The PRC	**26,749**	27,124
Hong Kong	**919**	2,103
	27,668	29,227

The non-current assets information above is based on the locations of assets and excluded interests in a joint venture and deferred tax assets.

7. OTHER INCOME

	2024 HK$'000	2023 HK$'000
Interest income	**250**	176
Exchange gain, net	**564**	749
Rental income	**1,985**	2,073
Government subsidies (Note)	**220**	431
Sales of scrap materials	**393**	567
Gain on disposal of property, plant and equipment, net	**5**	–
Others	**66**	309
	3,483	4,305

Note: In the opinion of the directors of the Company, there was no unfulfilled condition or contingency relating to the government subsidies.

8. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	2024 HK$'000	2023 HK$'000
Finance costs		
Interest on other borrowings	–	216
Interest on lease liabilities	32	50
	32	266

	2024 HK$'000	2023 HK$'000
Staff costs (excluding directors' emoluments in Note 10)		
Salaries, allowances and benefits-in-kind	24,585	28,769
Contribution to defined contribution plans (Note (i))	2,103	2,597
	26,688	31,366
Other items		
Auditor's remuneration		
– Audit services	1,100	1,280
– Non-audit services	310	210
Amortisation of intangible assets (included in administrative expenses)	308	308
Cost of inventories (Note (ii))	67,863	67,758
Depreciation	4,288	5,332
Exchange gain, net	(564)	(749)
(Gain) Loss on disposal of property, plant and equipment, net	(5)	87
Write-off of property, plant and equipment	21	–
Other rental and related expenses	569	389

Notes:

(i) For the years ended 31 March 2024 and 2023, there were no forfeited contributions which were available to reduce the Group's existing level of contributions to the relevant defined contribution retirement scheme in Hong Kong and the PRC.

(ii) Cost of inventories includes approximately HK$17,386,000 *(2023: HK$22,728,000)* relating to aggregate amount of certain staff costs, depreciation and other rental and related expenses, which are included in the respective total amounts disclosed separately above.

9. INCOME TAX

	2024 HK$'000	2023 HK$'000
Current tax		
Hong Kong Profits Tax		
Current year	–	314
Over-provision in prior years	(166)	(95)
	(166)	219
Singapore corporate income tax ("Singapore CIT")		
Current year	10	–
	(156)	219
Deferred tax (Note 23)	156	(70)
Total income tax expense	–	149

For the years ended 31 March 2024 and 2023, PRC Enterprise Income Tax ("PRC EIT") has not been provided as (i) certain Group's entities in the PRC incurred a loss for taxation purposes and (ii) the Group's estimated assessable profits for the years were wholly absorbed by unrelieved tax losses brought forward from previous years.

For the year ended 31 March 2024, Hong Kong Profits Tax has not been provided as the Group's entities in Hong Kong incurred a loss for taxation purpose. For the year ended 31 March 2023, the assessable profits of Hong Kong incorporated subsidiaries of the Group are entitled to the two-tiered profits tax rates regime that the first HK$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The assessable profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Singapore CIT is calculated at 17% of the estimated assessable profits with no CIT rebate for the year ended 31 March 2024. Singapore incorporated company can also enjoy 75% tax exemption on the first SG$10,000 of normal chargeable income and a further 50% tax exemption on the next SG$190,000 of normal chargeable income during the year ended 31 March 2024. For the year ended 31 March 2023, Singapore CIT has not been provided as the Group's entities in Singapore had no assessable profits for the year.

9. INCOME TAX (continued)

Reconciliation of income tax expense

	2024 HK$'000	2023 HK$'000
Loss before taxation	(11,873)	(25,868)
Tax calculated at domestic tax rates applicable to loss in the respective tax jurisdictions	(2,255)	(4,601)
Non-deductible expenses	1,494	4,095
Tax exempted revenue	(18)	(235)
Unrecognised temporary differences	(192)	(230)
Unrecognised tax losses	1,893	1,713
Utilisation of previously unrecognised tax losses	(739)	(315)
Over-provision in prior years	(166)	(95)
Others	(17)	(183)
Income tax expense	–	149

10. DIRECTORS' EMOLUMENTS AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS

10(a) Directors' emoluments

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

For the year ended 31 March 2024

	Directors' fees HK$'000	Salaries, allowances and benefits-in-kind HK$'000	Contribution to defined contribution plans HK$'000	Total HK$'000
Executive directors:				
Lee Man Kwong	–	600	–	600
Wong Siu Hung, Patrick (Note)	–	600	–	600
Non-executive director:				
Yau Pak Yue	600	–	18	618
Independent non-executive directors:				
Leung Hoi Ming	240	–	–	240
Leung King Fai	240	–	–	240
Chan Yau Ching, Bob	240	–	–	240
	1,320	1,200	18	2,538

10. DIRECTORS' EMOLUMENTS AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (continued)

10(a) Directors' emoluments (continued)

For the year ended 31 March 2023

	Directors' fees HK$'000	Salaries, allowances and benefits-in-kind HK$'000	Contribution to defined contribution plans HK$'000	Total HK$'000
Executive directors:				
Lee Man Kwong	–	600	–	600
Wong Siu Hung, Patrick (Note)	–	600	–	600
Non-executive director:				
Yau Pak Yue	600	–	18	618
Independent non-executive directors:				
Leung Hoi Ming	240	–	–	240
Leung King Fai	240	–	–	240
Chan Yau Ching, Bob	240	–	–	240
	1,320	1,200	18	2,538

Note: On 1 April 2024, Mr. Wong Siu Hung, Patrick was re-designated from an executive director to a non-executive director of the Company.

For the years ended 31 March 2024 and 2023, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No directors waived or agreed to waive any emoluments in respect of the years ended 31 March 2024 and 2023.

10(b) Emoluments of five highest paid individuals

The five highest paid individuals of the Group for the year included three *(2023: three)* directors whose emoluments are reflected in the analysis presented above and two *(2023: two)* non-director individuals whose emoluments are disclosed as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and benefits-in-kind	**1,362**	1,368
Contribution to defined contribution plans	**46**	27
	1,408	1,395

10. DIRECTORS' EMOLUMENTS AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (continued)

10(b) Emoluments of five highest paid individuals (continued)

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Up to HK$1,000,000	**2**	2

For the years ended 31 March 2024 and 2023, no emoluments were paid by the Group to the highest paid individuals as a payment for loss of office or as an inducement to join or upon joining the Group.

For the years ended 31 March 2024 and 2023, no highest paid individuals as set out above waived or agreed to waive any emoluments.

11. LOSS PER SHARE

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

	2024	2023
	HK$'000	HK$'000
Loss:		
Loss attributable to the owners of the Company, used in basic loss per share calculation	**(11,873)**	(26,017)

	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**1,613,287,570**	1,613,287,570

During the years ended 31 March 2024 and 2023, there were no potential dilutive ordinary shares in issue.

The diluted loss per share is the same as the basic loss per share for the years ended 31 March 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK$'000 (Note 22)	Leasehold improvements HK$'000	Machinery and equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Computers HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 March 2023							
At the beginning of the reporting period	22,941	5,925	12,939	1,373	394	88	43,660
Additions	1,690	–	320	6	–	20	2,036
Disposals	–	–	(72)	–	–	(22)	(94)
Depreciation	(2,679)	(664)	(1,637)	(262)	(69)	(21)	(5,332)
De-consolidation of subsidiary (Note 26(a))	–	(3,550)	(6,338)	(8)	–	(8)	(9,904)
Exchange realignment	–	(351)	(1,043)	(116)	(36)	(4)	(1,550)
At the end of the reporting period	21,952	1,360	4,169	993	289	53	28,816
Reconciliation of carrying amount – year ended 31 March 2024							
At the beginning of the reporting period	**21,952**	**1,360**	**4,169**	**993**	**289**	**53**	**28,816**
Additions	**–**	**2,328**	**694**	**62**	**100**	**72**	**3,256**
Disposals/write-off	**–**	**(21)**	**(33)**	**(2)**	**(11)**	**–**	**(67)**
Depreciation	**(2,620)**	**(635)**	**(675)**	**(235)**	**(91)**	**(32)**	**(4,288)**
Exchange realignment	**–**	**(29)**	**(89)**	**(25)**	**(8)**	**(1)**	**(152)**
At the end of the reporting period	**19,332**	**3,003**	**4,066**	**793**	**279**	**92**	**27,565**
At 31 March 2024							
Cost	**34,203**	**5,215**	**6,312**	**2,060**	**1,183**	**618**	**49,591**
Accumulated depreciation	**(14,871)**	**(2,212)**	**(2,246)**	**(1,267)**	**(904)**	**(526)**	**(22,026)**
Net carrying amount	**19,332**	**3,003**	**4,066**	**793**	**279**	**92**	**27,565**
At 31 March 2023							
Cost	34,203	3,037	5,984	2,060	1,191	547	47,022
Accumulated depreciation	(12,251)	(1,677)	(1,815)	(1,067)	(902)	(494)	(18,206)
Net carrying amount	21,952	1,360	4,169	993	289	53	28,816

12. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) In respect of the non-financial assets in relation to the Group's printing and packaging products ("Printing") business, the management of the Group estimated the recoverable amount of the cash-generating unit in respect of Printing business as the higher of fair value less costs of disposal and the value in use of the cash-generating unit based on the valuation report prepared by an independent professional valuer. The cash-generating unit consisted of the Printing business composed of the production line of the Printing business (included in property, plant and equipment) and customer relationships (classified as intangible assets) (the "Printing CGU") with aggregate carrying values of approximately HK$27,378,000 *(2023: HK$27,944,000)* and HK$103,000 *(2023: HK$411,000)*, respectively.

The management of the Group estimated the recoverable amount of the Printing CGU with reference to a value-in-use calculation using cash flow projections based on financial budgets approved by management covering a 5-year period to be derived from the Printing CGU at 31 March 2024. The significant inputs into this valuation approach are (i) the budgeted gross margin, which is determined based on the Printing CGU's past performance and management's expectations for the market development; (ii) pre-tax discount rate to derive the present value of future cash flows; and (iii) long-term growth rate.

Based on the assessment, the recoverable amount of the Printing CGU at 31 March 2024 and 2023 based on the value-in-use calculation exceeds its carrying amount and therefore no impairment loss was recognised during the years ended 31 March 2024 and 2023.

The fair value of the Printing CGU was categorised into the level 3 fair value hierarchy as defined in HKFRS 13 *"Fair Value Measurement"*.

13. INTANGIBLE ASSETS

	Customer relationships HK$'000
Cost	
At 1 April 2022, 31 March 2023, 1 April 2023 and **31 March 2024**	**1,232**
Accumulated amortisation	
At 1 April 2022	513
Charge for the year	308
At 31 March 2023 and 1 April 2023	821
Charge for the year	308
At 31 March 2024	**1,129**
Net carrying amount	
At 31 March 2023	411
At 31 March 2024	**103**

For the purpose of the impairment assessment, the customer relationships have been allocated to the Printing CGU and were included in the impairment assessment of the Printing CGU (Note 12).

14. INTERESTS IN A JOINT VENTURE

	2024 HK$'000	2023 HK$'000
Unlisted shares, at cost	**156**	156
Share of results	**321**	479
	477	635
Loan to a joint venture (Note)	**18,751**	19,844
	19,228	20,479

Note:

Loan to a joint venture carries a fixed interest rate of 1% per annum and is unsecured and repayable on 28 July 2025.

ECL assessment on loan to a joint venture

The movements on the loss allowance on loan to a joint venture during the year is summarised below.

	2024 HK$'000	2023 HK$'000
At the beginning of the reporting period	**–**	–
Increase in loss allowance	**1,093**	–
At the end of the reporting period	**1,093**	–

Information about the Group's exposure to credit risks and loss allowance on loan to a joint venture is included in Note 30 to the consolidated financial statements.

14. INTERESTS IN A JOINT VENTURE (continued)

Details of the joint venture are as follows:

Name of the joint venture	Place of incorporation/ business	Particulars of registered and paid-up share capital	Proportion of value of registered and paid-up share capital indirectly held by the Company	Principal activities
Noricap Fund	The Cayman Islands/ Hong Kong	US$50,000	40% *(2023: 40%)*	Investment holdings and subscription and management of special purpose fund ("SP Fund") which is yet to commence

The above joint venture is accounted for using the equity method in the Group's consolidated financial statements. There are no capital commitment and contingent liabilities in relation to the joint venture itself.

On 13 July 2022, an indirectly wholly-owned subsidiary of the Company, Digital Mind Investments Limited ("Digital Mind") has entered into a joint venture arrangement agreement (the "JV Arrangement Agreement") with LBG Equity Investments (HK) Co., Limited ("LBG"), a company incorporated in Hong Kong, pursuant to which, among others, (i) Digital Mind and LBG will subscribe for 40% and 60% of equity interests in Noricap Fund at a consideration of approximately US$20,000 (equivalent to approximately HK$156,000) and approximately US$30,000 (equivalent to HK$234,000), respectively and (ii) Digital Mind and LBG shall provide to Noricap Fund financing in proportion to their respective shareholding in Noricap Fund in the principal amount of approximately HK$19,844,000 and HK$29,766,000, respectively, which carry a fixed interest rate of 1% per annum and are unsecured and are repayable after 3 years from commencing of the loan. The subscription of Noricap Fund was completed on 13 September 2022.

Arrangements with joint venture partner

Pursuant to the JV Arrangement Agreement, each of Digital Mind and LBG is entitled to appoint 1 out of 2 board members of Noricap Fund and the key strategic financial and operating decisions in relation to Noricap Fund's operation require the unanimous consent of all board members. In the opinion of the directors of the Company, these key decisions related to the activities that significantly affect the returns of Noricap Fund. Accordingly, neither Digital Mind nor LBG has the ability to control Noricap Fund unilaterally and Noricap Fund is therefore considered as jointly controlled by Digital Mind and LBG. As the Group has rights to the net assets of the joint arrangement, Noricap Fund is accounted for as a joint venture of the Group.

Relationship with the joint venture

Noricap Fund is engaged in investment holdings and subscription and management of SP Fund which presents an investment opportunity to maximise return on the Group's funds by making investments in emerging sectors and diversify the income stream and business risks.

14. INTERESTS IN A JOINT VENTURE (continued)

Financial information of an individual material joint venture

Summarised financial information of the joint venture of the Group, which is considered to be material, is set out below, which represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	2024 HK$'000	2023 HK$'000
At 31 March:		
Summarised statement of financial position		
Current assets (Remark)	20,973	1,387
Non-current assets	–	20,265
Current liabilities	(134)	(220)
Non-current liabilities	(19,844)	(19,844)
Net assets	995	1,588
Included in above:		
Cash and cash equivalents (Remark)	–	799
Current financial liabilities (excluding trade and other payables and provisions)	–	–
Non-current financial liabilities (excluding trade and other payables and provisions)	(19,844)	(19,844)
Reconciliation:		
Gross amount of net assets of the joint venture	995	1,588
Group's ownership interests	40%	40%
Group's voting rights	50%	50%
Group's share of net assets of the joint venture	398	635
Elimination of gains or losses for transactions between the Group and the joint venture	79	–
Carrying amount of the Group's interests in the joint venture	477	635

Remark:

A debtor of Noricap Fund has repaid an amount of approximately HK$20,265,000 to Noricap Fund in June 2024.

14. INTERESTS IN A JOINT VENTURE (continued)

Financial information of an individual material joint venture (continued)

	2024	2023
	HK$'000	HK$'000
For the year ended 31 March (or since subscription):		
Summarised statement of profit or loss and other comprehensive income		
Revenue	**–**	–
Other income	**–**	1,509
(Loss) Profit for the year/period	**(593)**	1,197
Total comprehensive (loss) income	**(593)**	1,197
Included in above:		
Interest income	**–**	1,041
Interest expense	**119**	134

15. SUBSIDIARIES

Details of principal subsidiaries are as follows:

Name of subsidiary	Class of shares held	Place of incorporation and business	Attributable equity interest indirectly held by the Company	Issued/registered and fully paid-up capital	Principal activities	Legal form of corporate existence
華鋒微綫電子(惠州)工業有限公司 (Huafeng Microline (Huizhou) Circuits Limited*) ("Huafeng")	Registered	The PRC	100% *(2023: 100%)*	US$37,200,000	Manufacture of printed circuit boards	Wholly foreign – owned enterprise
Huafeng Microline (SG) Pte. Ltd.	Ordinary	Singapore	100% *(2023: Note)*	SG$100	Trading of printed circuit boards	Private limited liability company
廣州嘉升電子貿易有限公司 (Guangzhou Jiasheng Electronic Trading Co., Ltd.*)	Registered	The PRC	100% *(2023: 100%)*	HK$500,000	Trading of printed circuit boards	Wholly foreign – owned enterprise
新高準柯式印刷(深圳)有限公司 (New Spring Offset Printing (Shenzhen) Limited*)	Registered	The PRC	100% *(2023: 100%)*	HK$1,200,000	Manufacture and trading printing & packaging products	Wholly foreign – owned enterprise
New Spring (SW) Printing Packaging Limited	Ordinary	Hong Kong	100% *(2023: 100%)*	HK$10,000	Trading of printing & packaging products	Private limited liability company
Digital Mind	Ordinary	The British Virgin Islands	100% *(2023: 100%)*	US$1	Investment holdings	Private limited liability company
Pacific Dragon (Hong Kong) Energy Limited	Ordinary	Hong Kong	100% *(2023: 100%)*	HK$1	Trading of petroleum and energy products and related business	Private limited liability company

Note: Huafeng (SG) was incorporated during the year ended 31 March 2024.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding during the reporting period or at the end of the reporting period.

* English name for identification purpose only.

16. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**2,848**	3,236
Work-in-progress	**2,015**	1,245
Finished goods	**1,195**	8,631
	6,058	13,112

17. TRADE AND BILLS RECEIVABLES

	Note	2024 HK$'000	2023 HK$'000
Trade receivables from third parties	17(a)	**25,394**	14,939
Less: Loss allowance	30	**(588)**	(361)
	17(a)	**24,806**	14,578
Bills receivables	17(b)	**30**	409
		24,836	14,987

17(a) Trade receivables

Included in the balances are the trade receivables (before loss allowance) from contracts with customers within HKFRS 15:

	2024 HK$'000	2023 HK$'000
At the beginning of the reporting period	**14,939**	36,021
At the end of the reporting period	**25,394**	14,939

17. TRADE AND BILLS RECEIVABLES (continued)

17(a) Trade receivables (continued)

The Group's business with its trade debtors is mainly on credit basis and the credit period is ranging from 30 to 120 days *(2023: 30 to 120 days)*. At the end of the reporting period, the ageing analysis of trade receivables (before loss allowance) by delivery date is as follows:

	2024	2023
	HK$'000	HK$'000
Less than 1 month	**14,544**	3,758
1 to 2 months	**750**	3,007
2 to 3 months	**5,656**	3,416
Over 3 months	**4,444**	4,758
	25,394	14,939

At the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) by due date is as follows:

	2024	2023
	HK$'000	HK$'000
Not past due	**20,398**	9,972
Less than 1 month past due	**3,044**	2,085
1 to 2 months past due	**1,214**	1,458
2 to 3 months past due	**–**	54
Over 3 months past due	**150**	1,009
	24,806	14,578

Information about the Group's exposure to credit risks and loss allowance on trade receivables is included in Note 30 to the consolidated financial statements.

17(b) Bills receivables

At 31 March 2024 and 2023, all bills receivables are interest-free and guaranteed by banks in the PRC and have maturities of less than six months.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	2024 HK$'000	2023 HK$'000
Deposits and other receivables		**3,835**	12,289
Less: Loss allowance	18(a)	**(937)**	(937)
		2,898	11,352
Prepayments		**854**	748
Security deposit paid in respect of an injunction order	31(a)	**3,446**	3,446
Value-added tax recoverable		**1,929**	896
Other prepaid expenses		**301**	526
		6,530	5,616
		9,428	16,968

18(a) Loss allowance

The movements on the loss allowance on deposits and other receivables during the year is summarised below.

	2024 HK$'000	2023 HK$'000
At the beginning of the reporting period	**937**	14,079
Increase in loss allowance	**–**	937
De-consolidation of a subsidiary	**–**	(13,457)
Exchange realignment	**–**	(622)
At the end of the reporting period	**937**	937

Information about the Group's exposure to credit risks and loss allowance on deposits and other receivables is included in Note 30 to the consolidated financial statements.

19. CASH AND CASH EQUIVALENTS

	2024 HK$'000	2023 HK$'000
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**37,605**	49,606

Bank balances in total of approximately HK$37,210,000 *(2023: HK$49,358,000)* carry interest at floating rates based on daily bank deposit rates. At 31 March 2023, short-term time deposits are made between one month and three months depending on the immediate cash requirement of the Group, and earn interest at the prevailing short-term deposit rates.

At 31 March 2024, bank balances that were placed with banks in the PRC amounted to approximately HK$1,928,000 *(2023: HK$2,894,000)*. Remittance of funds out of the PRC is subject to the exchange controls imposed by the PRC government.

20. TRADE PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables to third parties	**16,342**	22,272

The trade payables are non-interest bearing and the Group is normally granted with a credit term ranging from 30 to 90 days *(2023: 30 to 90 days)*.

The ageing analysis of trade payables, at the end of the reporting period based on the invoice date, is as follows:

	2024 HK$'000	2023 HK$'000
Less than 1 month	**3,948**	4,242
1 to 2 months	**3,566**	4,965
2 to 3 months	**5,589**	3,437
Over 3 months	**3,239**	9,628
	16,342	22,272

21. OTHER PAYABLES AND ACCRUALS

	Note	2024 HK$'000	2023 HK$'000
Salaries and welfare payables		**2,384**	2,309
Accruals		**2,514**	2,506
Contract liabilities	21(a)	**565**	394
Rental deposits received		**–**	593
Others		**9,240**	9,427
		14,703	15,229

21(a) Contract liabilities

At 31 March 2024, contract liabilities comprised of approximately HK$565,000 *(2023: HK$394,000)* of deposits received from customers on sale of printing and packaging products.

Included in the contract liabilities at 1 April 2023, approximately HK$394,000 *(2023: HK$410,000)* was recognised as revenue during the year ended 31 March 2024.

The Group expects the transaction price of approximately HK$565,000 allocated to the unsatisfied performance obligations will be recognised as revenue within one year or less.

22. LEASES

As lessee

	2024 HK$'000	2023 HK$'000
Right-of-use assets (Note 12)		
Leased properties	**19,332**	21,952

	2024 HK$'000	2023 HK$'000
Lease liabilities		
Current	**237**	748
Non-current	**–**	237
	237	985

22. LEASES (continued)

As lessee (continued)

The present value of lease liabilities is summarised as below:

	Lease payments		Present value of lease payments	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable:				
Within one year	**240**	780	**237**	748
More than one year, but not exceeding two years	**–**	240	**–**	237
	240	1,020	**237**	985
Less: future finance charges	**(3)**	(35)		
Total lease liabilities	**237**	985		

The depreciation of the right-of-use assets charged to profit or loss during the year ended 31 March 2024 amounted to approximately HK$2,620,000 *(2023: HK$2,679,000)*.

The operating lease expenses on short-term leases recognised in profit or loss during the year ended 31 March 2024 amounted to approximately HK$569,000 *(2023: HK$389,000)*.

At 31 March 2024, the Group was committed to approximately HK$272,000 (2023: HK$52,000) for short-term lease.

The total cash outflow for leases for the year ended 31 March 2024 was approximately HK$1,349,000 *(2023: HK$1,237,000)*.

As lessor

Operating lease

The Group sub-leases certain of its right-of-use assets to independent third parties under operating leases, which had a lease term of one year for the years ended 31 March 2024 and 2023. The sub-leases do not include purchase or termination options.

Rental income is included in other income (Note 7) and do not contain any variable lease payments. The risks associated with rights that the Group retains to underlying assets are not considered significant, however, the Group employs strategies to further minimise these risks by ensuring all sub-lease contracts include clauses requiring the lessees to compensate the Group when a leased property has been subject to excess wear-and-tear during the lease term.

At the end of the reporting period, there are no future rental receivables under non-cancellable operating leases for certain right-of-use assets of the Group.

23. DEFERRED TAXATION

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

	Assets	Liabilities	
	Tax losses HK$'000	Depreciation allowance HK$'000	Total HK$'000
At 1 April 2022	(443)	146	(297)
Credit to profit or loss (Note 9)	–	(70)	(70)
Deregistration of subsidiaries (Note 26(b))	193	–	193
Exchange realignment	26	–	26
At 31 March 2023 and 1 April 2023	**(224)**	**76**	**(148)**
Charge (Credit) to profit or loss (Note 9)	**218**	**(62)**	**156**
Exchange realignment	**6**	**–**	**6**
At 31 March 2024	**–**	**14**	**14**

Unrecognised deferred tax assets arising from

	2024 HK$'000	2023 HK$'000
Tax losses arising in Hong Kong	**54,315**	50,381
Tax losses arising in the PRC	**18,942**	42,999
	73,257	99,380

No tax losses arising in Hong Kong and Singapore expire under current tax legislation, while the tax losses arising in the PRC will expire in one to five years. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

24. SHARE CAPITAL

	2024		2023	
	No. of shares	**HK$'000**	No. of shares	HK$'000
Ordinary share of HK$0.1 each				
Authorised:				
At the beginning of the reporting period	**2,000,000,000**	**200,000**	2,000,000,000	200,000
Increase (Note)	**2,000,000,000**	**200,000**	–	–
At the end of the reporting period	**4,000,000,000**	**400,000**	2,000,000,000	200,000
Issued and fully paid:				
At the beginning of the reporting period and **at the end of the reporting period**	**1,613,287,570**	**161,328**	1,613,287,570	161,328

Note:

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 22 September 2023, the authorised share capital of the Company was increased by HK$200,000,000 by creating an additional 2,000,000,000 new ordinary shares of HK$0.1 each.

25. RESERVES

(a) Share premium

The application of share premium is governed by section 40 of the Bermuda Companies Act 1981. Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to the share premium account.

(b) Contributed surplus

The Group's contributed surplus represents the difference between the nominal value of the Company's shares issued pursuant to the Group's reorganisation in 1989 and the nominal value of the shares and the share premium account of the subsidiaries acquired.

(c) Exchange translation reserve

Exchange translation reserve has been set up and is dealt with in accordance with the accounting policies adopted for foreign currency translation as set out in Note 2 to the consolidated financial statements

(d) FVOCI reserve

FVOCI reserve comprises the accumulated gains and losses arising on the change in fair value of other long-term investment that have been recognised in other comprehensive income.

26. LOSS ON DE-CONSOLIDATION AND GAIN ON DEREGISTRATION OF SUBSIDIARIES

(a) De-consolidation of Daisho Microline Limited ("DML")

DML, an indirectly wholly owned subsidiary of the Company, received a winding-up petition dated 12 January 2022 filed by a creditor, Tak Shing Investment Company Limited as petitioner against DML in the Court of First Instance of Hong Kong in the sum of approximately HK$418,000. The winding-up petition was heard on 29 June 2022.

DML received a sealed order dated 29 June 2022 for winding-up (the "Winding-up Order") made by the Court of First Instance of Hong Kong, pursuant to which DML was ordered to be wound up on the basis of its failure to settle the judgement debt in the sum of approximately HK$418,000. Messrs Lai Kar Yan (Derek) and Kam Chung Hang (Forrest), both of Deloitte Touche Tohmatsu were appointed as joint and several liquidators of DML on 26 August 2022 made by the Court of First Instance of Hong Kong. By virtue of the Winding-up Order, DML ceased to be controlled by the Company with effect from 29 June 2022. Accordingly, the Group has de-consolidated DML on 29 June 2022 and loss on de-consolidation of a subsidiary of approximately HK$16,214,000 was charged to profit or loss during the year ended 31 March 2023.

Details of the Winding-up Order are disclosed in the Company's announcements dated 21 January 2022, 19 May 2022 and 15 July 2022.

Details of loss on de-consolidation of DML are summarised as follows:

	HK$'000
Property, plant and equipment (Note 12)	9,904
Trade receivables, net	10,138
Other receivables, deposits and prepayments	8,815
Cash and cash equivalent	68
Other payables and accruals	(4,235)
Interest-bearing borrowings	(8,476)
Net assets of DML at the date of de-consolidation and loss on de-consolidation of DML	16,214
Net cash outflow arising from de-consolidation of DML	68

26. LOSS ON DE-CONSOLIDATION AND GAIN ON DEREGISTRATION OF SUBSIDIARIES (continued)

(b) Deregistration of subsidiaries

During the year ended 31 March 2023, subsidiaries of the Group including PE28 Pte. Ltd, PE138 Pte. Ltd, PE Trading Pte. Ltd, Pacific Dragon Trading Pte. Ltd and Oriental Ship Management Pte. Ltd which are incorporated in Singapore (collectively referred to as the "Singapore Subsidiaries") have been deregistered. Upon the deregistration, a gain on deregistration of Singapore Subsidiaries of approximately HK$2,101,000 has been recognised in profit or loss during the year ended 31 March 2023.

Details of gain on deregistration of Singapore Subsidiaries are summarised as follows:

	HK$'000
Deferred tax assets (Note 23)	193
Other payables and accruals	(13)
Aggregate net assets of Singapore Subsidiaries at the date of deregistration	180
Release of exchange translation reserve upon deregistration of subsidiaries	(2,281)
Gain on deregistration of Singapore Subsidiaries	(2,101)
Net cash outflow arising from deregistration of Singapore Subsidiaries	–

27. SHARE-BASED PAYMENTS

Pursuant to the Company's special general meeting on 22 November 2016 (the "Date of Adoption"), an ordinary resolution was passed to approve and adopt the new share option scheme of the Company (the "Scheme") which was further subject to approval by the Listing Committee of the Stock Exchange (the "Listing Committee") granting the approval for the listing of, and permission to deal in, any ordinary share of the Company which may fall to be issued pursuant to the exercise of the options (the "Listing Approval"). On 23 June 2017, the Listing Approval was confirmed by the Listing Committee.

The purpose of the Scheme is to provide incentives or rewards to the eligible persons for their contribution to, and continuing efforts to promote interests of, the Company and to enable the Group to recruit and retain high-calibre employees. Eligible persons of the Scheme include (i) any director (whether executive or non-executive, including independent non-executive director) or employee (whether full time or part time) of the Company or any of its subsidiaries or associated companies; (ii) consultant, adviser, supplier or customer of the Company or any of its subsidiaries or associated companies; and (iii) any other group of classes of participants which the Board of Directors may, from time to time in its absolute discretion, consider appropriate on basis of such participants' contribution or potential contribution to the development, growth or benefit of the Company or any of its subsidiaries or associated companies. The Scheme will remain in force for 10 years from the Date of Adoption, unless otherwise terminated or altered.

The scheme mandate limit under the Scheme was refreshed by the passing of an ordinary resolution at the annual general meeting of the Company held on 23 September 2022 (the "Date of Refreshment").

27. SHARE-BASED PAYMENTS (continued)

Upon refreshment of the scheme mandate limit, the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not exceed 10% of the total number of shares in issue as at the Date of Refreshment of the Scheme (the "10% Limit") or the date of any shareholders' meeting in refreshing the 10% Limit, if applicable. The maximum number of shares issued and issuable to each eligible person under the Scheme in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue at proposed grant date. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to an independent non-executive director or a substantial shareholder of the Company, or to any of their associates, in excess of 0.1% of the total number of shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5,000,000 within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board of Directors and commences from the date on which the offer of share options is duly accepted by the grantee in accordance with the Scheme.

The exercise price of share options is determinable by the Board of Directors, and shall be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation on the date of the offer of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the share options; and (iii) the nominal value of the Company's shares.

No share option has been granted or exercised under the Scheme during the years ended 31 March 2024 and 2023.

28. OTHER CASH FLOW INFORMATION

(a) Major non-cash transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following major non-cash transactions:

During the year ended 31 March 2023, the Group recognised right-of-use assets by incurring lease liabilities of approximately HK$1,481,000.

28. OTHER CASH FLOW INFORMATION (continued)

(b) Reconciliation of liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

For the year ended 31 March 2024

	Interest-bearing borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2023	–	985	985
Finance costs	–	32	32
Cash outflow in financing activities:			
Repayment of lease liabilities	–	(748)	(748)
Interest paid	–	(32)	(32)
At 31 March 2024	–	237	237

For the year ended 31 March 2023

	Interest-bearing borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2022	8,880	302	9,182
Addition	–	1,481	1,481
De-consolidation of a subsidiary (Note 26(a))	(8,476)	–	(8,476)
Finance costs	216	50	266
Exchange realignment	(404)	–	(404)
Cash outflow in financing activities:			
Repayment of lease liabilities	–	(798)	(798)
Interest paid	(216)	(50)	(266)
At 31 March 2023	–	985	985

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions information disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, representing amounts paid to the Company's directors and senior executives, is as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries, allowances and benefits-in-kind	**5,293**	4,848
Contribution to defined contribution plans	**130**	107
	5,423	4,955

The remuneration was based on the terms mutually agreed between the Group and the related parties.

(b) Related party transactions

During the years ended 31 March 2024 and 2023, the Group had the following material transactions with related parties. In the opinion of the management of the Group, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group:

	2024 **HK$'000**	2023 HK$'000
Rental and related expenses paid to a company controlled by a substantial shareholder	**929**	1,020

In the opinion of the directors of the Company, these related party transactions were conducted in the ordinary course of business of the Group.

30. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise loan to a joint venture, cash and cash equivalents, lease liabilities, other receivables, deposits and prepayments and other payables and accruals. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The accounting policies for financial instruments have been applied to the line items below:

	2024 HK$'000	2023 HK$'000
Financial assets:		
Financial assets at amortised cost		
Trade and bills receivables	**24,836**	14,987
Financial assets included in other receivables, deposits and prepayments	**6,344**	13,998
Loan to a joint venture (included in interests in a joint venture)	**18,751**	19,844
Cash and cash equivalents	**37,605**	49,606
Total	**87,536**	98,435
Financial liabilities:		
Financial liabilities at amortised cost		
Trade payables	**16,342**	22,272
Financial liabilities included in other payables and accruals	**5,459**	5,331
Lease liabilities	**237**	985
Total	**22,038**	28,588

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The directors of the Company review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the operating units' functional currencies. The Group operates in Hong Kong, the PRC and Singapore with most of the transactions denominated and settled in either US$, HK$ or RMB. As HK$ is pegged to US$, the management considers the risk of movements in exchange rates between HK$ and US$ to be insignificant. The Group is mainly exposed to the foreign currency risk of RMB.

The Group may enter into forward currency contracts with reference to the estimated cash flows in foreign currencies in order to manage the foreign currency exposures as and when appropriate. The Group has not entered into hedging activities to hedge against the exposure to foreign exchange risk of RMB.

30. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of the Group's loss before tax and the Group's equity, in respect of the monetary assets and liabilities based on their carrying amounts at the end of the reporting period.

	Change in exchange rates %	**Increase (Decrease) in loss before taxation HK$'000**	**Increase (Decrease) in equity* HK$'000**
At 31 March 2024			
If HK$ weakens against RMB	**1.0**	**136**	**–**
If HK$ strengthens against RMB	**(5.0)**	**(679)**	**–**

	Change in exchange rates %	Increase (Decrease) in loss before taxation HK$'000	Increase (Decrease) in equity* HK$'000
At 31 March 2023			
If HK$ weakens against RMB	1.0	399	–
If HK$ strengthens against RMB	(5.0)	(1,995)	–

* Excluding accumulated losses.

The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

30. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, debtor balances are monitored on an ongoing basis and the Group's exposure to bad debts is being managed.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer as well as the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group had a concentration of credit risk as 43% *(2023: 28%)* and 92% *(2023: 70%)* of the Group's trade receivables was due from the Group's largest customer and the five largest customers, respectively. The Group manages the concentration of credit risk by continuously broadening the customer base of the Group.

The Group's customer base consists of a wide range of clients and the trade receivables 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 applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 March 2024 and 2023.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix at 31 March 2024 and 2023 is summarised below.

At 31 March 2024

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Not past due	1.37	20,681	283
Less than 1 month past due	1.39	3,087	43
1 to 2 months past due	1.46	1,232	18
2 to 3 months past due	N/A	–	–
More than 3 months past due	61.93	394	244
		25,394	588

30. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

At 31 March 2023

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Not past due	0.32	10,004	32
Less than 1 month past due	0.33	2,092	7
1 to 2 months past due	0.34	1,463	5
2 to 3 months past due	1.82	55	1
More than 3 months past due	23.85	1,325	316
		14,939	361

The Group does not hold any collateral over trade receivables at 31 March 2024 and 2023.

At 31 March 2024 and 2023, in the opinion of the Company's directors, there was no credit-impaired trade receivables.

At the end of the reporting period, the Group recognised loss allowance of approximately HK$588,000 *(2023: HK$361,000)* on the trade receivables. The movement in the loss allowance for trade receivables during the year is summarised below:

	2024 HK$'000	2023 HK$'000
At the beginning of the reporting period	**361**	6,211
Amount recovered	**–**	(331)
Increase in allowance	**234**	83
De-consolidation of a subsidiary	**–**	(5,302)
Exchange realignment	**(7)**	(300)
At the end of the reporting period	**588**	361

During the year ended 31 March 2024, the increase in loss allowance on trade receivables was mainly due to the increase in gross balances of the trade receivables.

During the year ended 31 March 2023, the significant changes in loss allowance on trade receivables were due to the changes in past due trade receivables and long overdue trade receivables which has been derecognised as a result of the de-consolidation of a subsidiary as detailed in Note 26(a) to the consolidated financial statements.

30. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Other receivables and deposits and loan to a joint venture

Except for a debtor included other receivables and deposits which was identified to have significant increase in credit risk, the management of the Group considers that the other receivables and deposits and loan to a joint venture have low credit risk based on their strong capacities to meet their contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables and deposits and loan to a joint venture is measured on 12-month ECL and reflects the short maturities of the exposures. In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case.

Except for a debtor included in other receivables and deposits which was identified to have significant increase in credit risk and impairment loss of approximately HK$937,000 was recognised during the year ended 31 March 2023, the management of the Group considers the ECL of other receivables and deposits to be insignificant after taking into account the financial position and credit quality of the counterparties.

No significant increase in credit risk was identified since the initial recognition of loan to a joint venture. Based on the change in credit quality since the investment was made, an impairment loss on loan to a joint venture of approximately HK$1,093,000 *(2023: Nil)* was recognised during the year ended 31 March 2024.

The movements in loss allowance for ECL in other receivables and deposits and loan to a joint venture are included in Notes 18(a) and 14 to the consolidated financial statements, respectively.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 March 2024 and 2023.

Cash and cash equivalents

The credit risk on cash and cash equivalent is limited because the counterparties are banks and other financial institution with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g. trade debtors) and projected cash flows from operations.

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its operation needs at any time.

30. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The maturity profile of the Group's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below:

	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	Total HK$'000
At 31 March 2024			
Trade payables	**16,342**	**–**	**16,342**
Financial liabilities included in other payables and accruals	**5,459**	**–**	**5,459**
Lease liabilities	**240**	**–**	**240**
	22,041	**–**	**22,041**

	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	Total HK$'000
At 31 March 2023			
Trade payables	22,272	–	22,272
Financial liabilities included in other payables and accruals	5,331	–	5,331
Lease liabilities	780	240	1,020
	28,383	240	28,623

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirement.

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

31. LITIGATIONS

(a) Litigation with Societe Generale

On 17 September 2019, the Group received an amended writ of summons (the "Writ") issued by Societe Generale, Singapore Branch (the "Plaintiff") in which, among others, Pacific Dragon (Hong Kong) Energy Limited ("Pacific Dragon") and DML, two then wholly-owned subsidiaries of the Company, have been joined as additional defendants to the proceedings of the High Court (case number: HCA 1617/2019) which were originally issued against, among others, (1) Ms. Cheung, an ex-director of the Company who resigned on 4 September 2019 and an ex-shareholder of the Company holding approximately 20.84% interest in the Company on trust for her family until she ceased to hold any of the interest on trust for her family on 14 August 2019, and (2) Inter-Pacific Petroleum Pte Ltd ("Inter-Pacific Petroleum"), a wholly owned subsidiary of Inter-Pacific Group. Pursuant to the Writ, the Plaintiff claims, among other things, against Inter-Pacific Petroleum for payment for breach of certain trade finance facilities granted to Inter-Pacific Petroleum in the outstanding sum at 28 August 2019 of approximately US$89,849,000.

In connection with the Writ, the Plaintiff obtained an injunction order against, among others, Pacific Dragon and DML, pursuant to which (1) Pacific Dragon is restricted from disposing of or dealing with the sum of approximately US$24,963,000 paid into its bank account during the period from 1 June 2019 to 31 August 2019 and any of its assets whether within or outside Hong Kong up to the same value; and (2) DML is restricted from disposing of or dealing with the sum of approximately US$6,653,000 paid into its bank account during the period from 1 June 2019 to 31 August 2019 and any of its assets whether within or outside Hong Kong up to the same value. The injunction order was continued on the return hearing held on 20 September 2019. The hearing has been adjourned to be heard on 5 February 2020. The above details have been disclosed in the Company's announcements dated 4 September 2019, 18 September 2019 and 29 October 2019 respectively.

On 22 June 2020, the hearing was held and the judgement handed down on 10 July 2020. According to the decision of the Court dated 10 July 2020, the aggregate amount injuncted against Pacific Dragon and DML should be reduced to approximately HK$10,229,000 and the injunction is permitted to be discharged if the same amount injuncted is paid into the Court. Pacific Dragon and DML were also awarded costs to be paid by the Plaintiff.

DML and Pacific Dragon have paid the injuncted amounts of approximately HK$6,783,000 and HK$3,446,000 to the Court in November 2020 and in April 2023, respectively. Accordingly, the injunction order was discharged against DML and Pacific Dragon by order of the Court.

On 29 June 2022, DML ceased to be subsidiary of the Group under the Winding-up Order and the injuncted amount of approximately HK$6,783,000 paid by DML was derecognised upon de-consolidation of DML as detailed in Note 26(a) to the consolidated financial statements.

Save as disclosed above, there is no further update for the above litigation up to the date of this report.

With reference to the opinion of the Group's lawyer, the directors of the Company are of view that the Group has a reasonable ground of defense.

31. LITIGATIONS (continued)

(b) Litigation with Inter-Pacific Group

In November 2019, the Group instructed its lawyer to issue a legal letter to Inter-Pacific Group, demanding Inter-Pacific Group to return the deposit of HK$14,574,000 to the Group which had paid to Inter-Pacific Group for the acquisition of the two of the four vessels, namely Pacific Energy 8 and Pacific Energy 168, pursuant to the sale and purchase agreement dated 29 September 2017 (the "SPA").

Pursuant to the SPA, the third consideration would be satisfied by the Group in the following manner: (i) on the date the SPA, a cash payment of HK$14,574,000 (the "Third Deposit"); (ii) at third completion, a cash payment of HK$10,151,000 and the balance of the remaining third consideration, equivalent to HK$72,435,000, will be settled by the Group issuing to Inter-Pacific Group (or its designated nominee) the promissory note in the principal amount of HK$72,435,000.

In the event that the conditions specified in the SPA are not fulfilled or waived on or before 30 September 2019, the Third Deposit shall be returned by Inter-Pacific Group to the Group (or such persons as it may direct), without interest, in immediately available funds within five business days from the 30 September 2019. As the conditions precedent of the SPA with respect to the acquisition of Pacific Energy 8 and Pacific Energy 168 have not been fulfilled, in particular, Mortgage 8 and Mortgage 168 (as defined in the Company's circular dated 27 December 2017) have not been discharged in full by 30 September 2019 and the SPA had been terminated accordingly. Inter-Pacific Group had to fulfill its obligation to return the Third Deposit to the Group by the prescribed deadline.

Therefore, the Group issued a legal letter to demand Inter-Pacific Group to make an immediate repayment of the Third Deposit in the sum of HK$14,574,000 to the Group.

Inter-Pacific Group was placed under liquidation by the Singapore Court on 27 March 2020 pursuant to the Order of Court HC/ORC 2247/2020. In June 2020, the Company has filed the proof of debt to the liquidators.

Up to the date of this report, there is no further update for the above litigation.

In view of the fact that Inter-Pacific Group was known to have financial difficulties, an impairment loss on the refundable deposits of approximately HK$14,574,000 was charged to profit or loss during the year ended 31 March 2020.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2024 HK$'000	2023 HK$'000
Non-current asset			
Interests in subsidiaries		–	–
Current assets			
Amounts due from subsidiaries		60,433	63,950
Prepayments		550	543
Cash and cash equivalents		435	1,668
		61,418	66,161
Current liability			
Other payables and accruals		550	750
Net current assets		60,868	65,411
Total assets less current liabilities		60,868	65,411
NET ASSETS		60,868	65,411
Capital and reserves			
Share capital	24	161,328	161,328
Reserves	32(a)	(100,460)	(95,917)
TOTAL EQUITY		60,868	65,411

This statement of financial position was approved and authorised for issue by the Board of Directors on and signed on its behalf by

Lee Man Kwong
Director

Wong Siu Hung, Patrick
Director

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

32(a) Movement of the reserves

	Share premium HK$'000 (Note 25(a))	Contributed surplus HK$'000 (Note 25(b))	Accumulated losses HK$'000	Total HK$'000
At 1 April 2022	134,154	38,295	(210,397)	(37,948)
Loss and total comprehensive loss for the year	–	–	(57,969)	(57,969)
At 31 March 2023	134,154	38,295	(268,366)	(95,917)

	Share premium HK$'000 (Note 25(a))	**Contributed surplus HK$'000 (Note 25(b))**	**Accumulated losses HK$'000**	**Total HK$'000**
At 1 April 2023	**134,154**	**38,295**	**(268,366)**	**(95,917)**
Loss and total comprehensive loss for the year	**–**	**–**	**(4,543)**	**(4,543)**
At 31 March 2024	**134,154**	**38,295**	**(272,909)**	**(100,460)**

The Company's contributed surplus is derived from the difference between the combined net assets of the subsidiaries acquired and the nominal value of the Company's shares issued pursuant to the same reorganisation described in Note 25(b) to the consolidated financial statements. Under the Bermuda Companies Act 1981, a company may make distributions to its shareholders out of the contributed surplus under certain circumstances.

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2024 *(2023: Nil)*.